



ELECTROMAGNETICA S.A.
ADMINISTRATORS' REPORT FOR THE YEAR 2025
- SEPARATE STATEMENTS -

according to the provisions of art. 63 of Law no. 24/2017 on issuers of financial instruments and market operations, Annex 15 to A.S.F. Regulation no. 5/2018 on issuers of financial instruments and market operations and the BVB Code

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1. IDENTIFICATION DATA OF THE COMPANY

Company Name:	Electromagnetica S.A.
Registered Office:	Bucharest, Sector 5, Calea Rahovei nr. 266-268, postal code 050912
Tel/ Fax:	021 404 21 02/ 021 404 21 95
WHO:	414118
Registration no. at ORCTB:	J1991000019408
Regulated market:	BVB, Equity Sector, Equities, Premium Category
Market symbol:	ELMA
Number of shares:	676.038.704
Nominal value:	0.1000 RON
Share capital:	67.603.870,40 RON
LEI Code:	254900MYW7D8IGEFRG38

2. GENERAL INFORMATION

Electromagnetica S.A. is a joint-stock company established in 1930 with Romanian legal personality and unlimited lifespan that is organized and operates according to the articles of association and based on Law no. 31/1990 on companies, republished, in compliance with Law no. 24/2017 on issuers of financial instruments and market operations and ASF Regulation no. 5/2018 on issuers of financial instruments and market operations.

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 SA.

At the Ordinary General Meeting of Shareholders on April 28, 2025, the modification of the main object of activity of Electromagnetica S.A. was approved, with the new main activity 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, the main object of activity of the Company was NACE 2651 - Manufacture of instruments and devices for measurement, verification, control, navigation.

Electromagnetica S.A., as a company whose shares are admitted on a regulated market (Bucharest Stock Exchange, Premium category, symbol ELMA) has adopted IFRS (International Financial Reporting Standards) starting from the 2012 financial year. The financial statements for 2025 were prepared in accordance with the provisions of OMFP no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union.

Legal framework

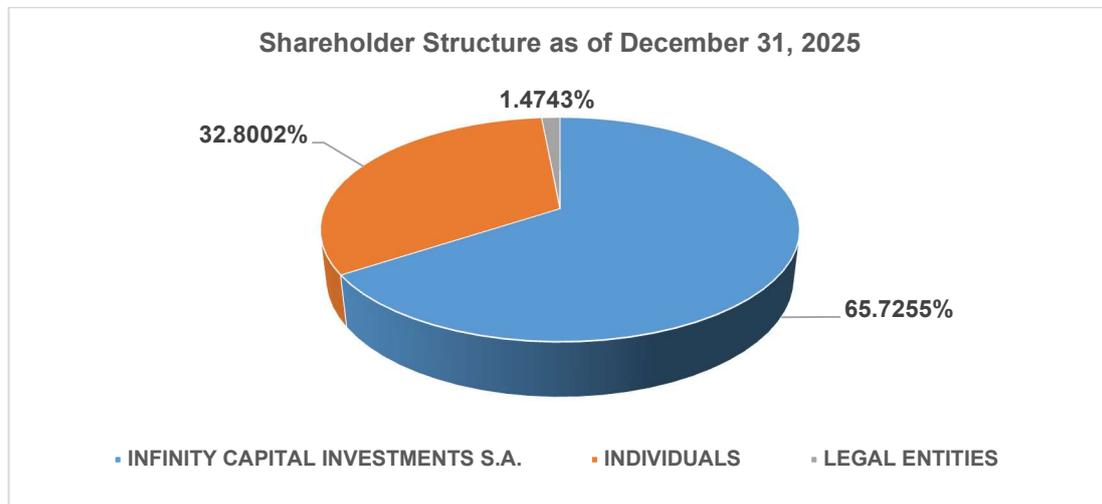
During the reporting period, the Company carried out its activity in compliance with the legal provisions contained, in particular, in:

- Law no. 31/1990 on companies, republished, with subsequent amendments and completions;
- Law no. 24/2017 on issuers of financial instruments and market operations, republished;
- The Law on Electricity and Natural Gas no. 123/2012, as subsequently amended and supplemented;
- Water Law no. 107/1996, as subsequently amended and supplemented;
- A.S.F. Regulation no. 5/2018, on issuers of financial instruments and market operations, with subsequent amendments and completions;
- A.N.R.E Order no. 5 / 2023 for the approval of the Regulation on the supply of electricity to end customers, as well as for the amendment and completion of some orders of the President of the National Energy Regulatory Authority;
- Bucharest Stock Exchange Code,

as well as in other regulations of primary and secondary legislation in the fields of activity in which it operates, as well as in compliance with the provisions of the Company's Articles of Incorporation, updated according to the decision of the Extraordinary General Meeting of Shareholders of April 28, 2025.

Shareholding structure

As of 31.12.2025, the company had a number of **6,062** shareholders. According to the records of Depozitarul Central S.A., the synthetic structure at the end of 2025 is as follows:



3. ANALYSIS OF THE COMPANY'S ACTIVITY

In 2025, Electromagnetica's main line of business was the real estate rental activity (rents, maintenance fee and other related services).

Starting with 2024, the company has implemented an extensive operational efficiency process, aimed at strengthening value-added lines of activity and reducing exposure to high-risk segments or low profitability.

In the second half of 2024, as a result of the sale of micro-hydropower plants in Suceava County, the company exited the electricity production market.

In 2025, the process of streamlining the production of goods activity continued, in the context of the steps to renegotiate trade relations and restrict operations to profitable partnerships. In the third quarter of 2025, the relay production line was sold, and the process of optimizing the activity will continue in 2026.

Company's Tangible Assets

The rental spaces are located exclusively in Bucharest and Vârteju, Ilfov County, most of them being located at the headquarters in Calea Rahovei no. 266–268.

The company manages a total leasable area (GLA) of approximately 60,400 sqm (including common spaces) located in Bucharest, Calea Rahovei nr. 266–268, as well as approximately 3,400 sqm in Vârteju, Magurele city, Ilfov County.

The company owns land and buildings in Bucharest, Ilfov County and Dambovită County. The company has no disputes related to the ownership of its land.

3.1. KEY FINANCIAL FIGURES AND KEY INDICATORS

Indicator	2024	2025	Variation
Revenue (RON)	97,667,983	29,317,963	-70%
EBITDA (RON)	22,986	(924,978)	-4124%
Net Profit (RON)	(7,407,144)	(10,728,051)	45%
Net Profit Margin	-7.6%	-36.6%	382%
Average Number of Employees	211	60	-72%

*EBITDA represents profit before tax, depreciation and amortization expenses, financial expenses and income, investment income and net income from the revaluation of investment property.

The turnover in 2025 was RON 29.3 million, down 70% compared to the previous year, amid the measures adopted in order to streamline the company's activities and the significant abandonment/reduction of the resources allocated to the lines of activity that did not generate added value for the company (such as the production of lighting fixtures, the production of electric car charging stations or plastic injection).

Rental revenues increased by 3.4% compared to 2024, confirming the consolidation of this segment as the main operating driver.

Revenues from production activity decreased from RON 38.2 million in 2024 to RON 4.8 million in 2025, in the context of reduced involvement in government projects that have a slow collection of receivables and measures to align operations in the segment of production of electric car charging stations and production of lighting fixtures to reference markets.

In 2025, no revenues were recorded from the production of electricity from renewable sources and from the supply of electricity, as the activity of electricity production was sold during 2024. Revenues in 2024 were worth RON 35.7 million.

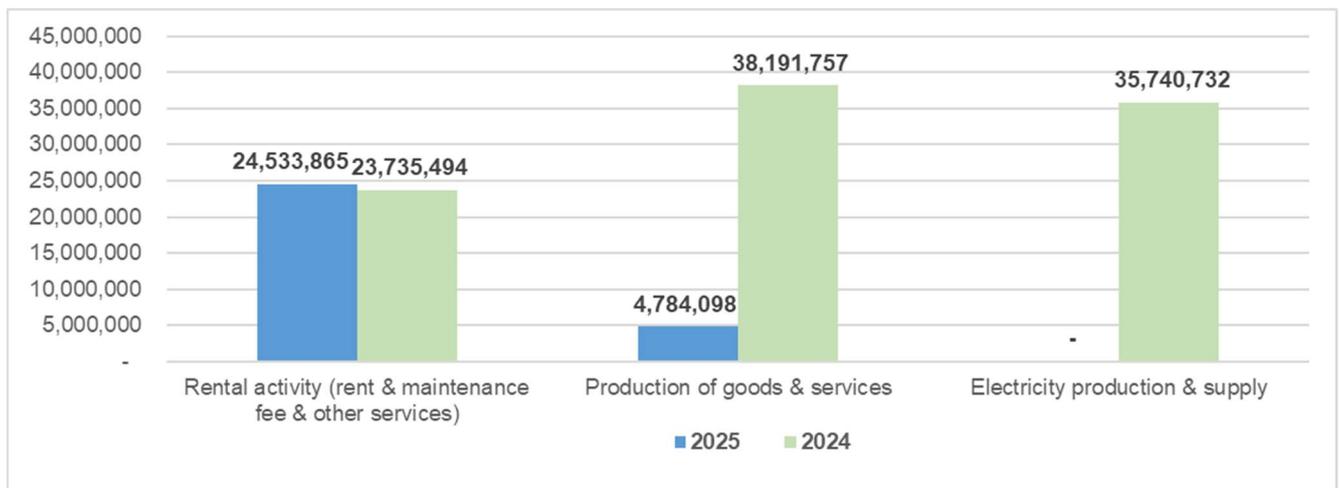
The streamlining process implemented during the analyzed period aimed at optimizing the portfolio, improving cash flows and stabilizing financial performance in a difficult economic context.

More details can be found in the Financial Statements and in the Explanatory Notes thereto.

3.2. REVENUE STRUCTURE

The turnover structure reflects the strategic process of repositioning the company's activity, with a focus on consolidating the rental segment and resizing the production activity taking into account the competitive environment in the markets in which the company operates.

In 2025, the main contribution to turnover was generated by the rental activity, while the goods production segment had a significantly reduced share, in line with the efficiency and optimization measures implemented starting with 2024.



Rental activity

The company manages a total leasable area (GLA) of approximately 60,400 sqm (including common spaces) located in Bucharest, Calea Rahovei nr. 266–268, as well as approximately 3,400 sqm in Vârteju, Magurele city, Ilfov County.

On December 31, 2025, the occupancy rate was 51% for the property in Calea Rahovei no. 266–268, Bucharest, and 83% for the property in Vârteju. Compared to the end of the 2024 financial year, the total leased area at the end of 2025 decreased by 2%.

During 2025, the company had about 300 tenants. The top 10 tenants, by share in rental income, generated about 35% of this total revenue, while the top 20 contributed about 48%, highlighting a moderate degree of portfolio concentration.

The structure of the use of the leased spaces at the end of 2025 was as follows:

- storage spaces – 30%;
- office spaces – 27%;
- service spaces – 25%;
- spaces for production – 18%.

In 2025, the rental activity represented the main operational segment of the company. The implemented strategy aimed at increasing profitability and strengthening financial performance, by:

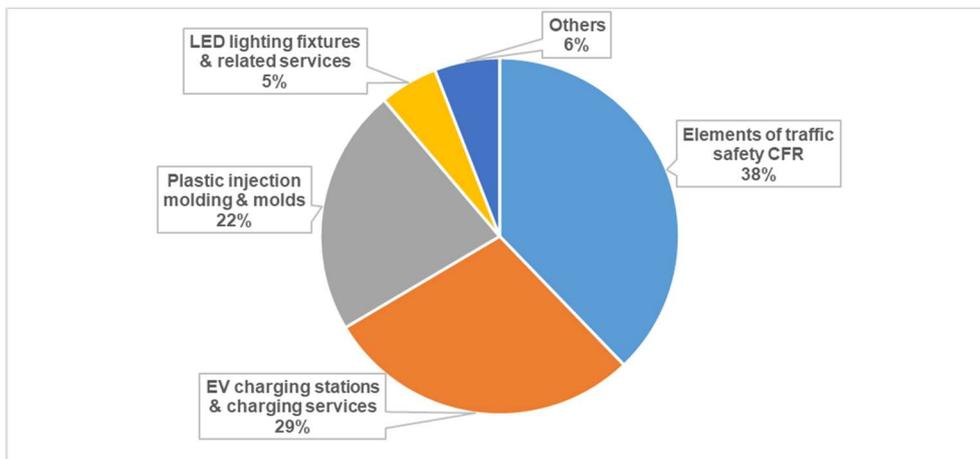
- optimization of operational costs;
- efficient management of resources;
- attracting and maintaining tenants with a stable profile and adequate creditworthiness.

As of 31.12.2025, following the cessation of the use of real estate for own production purposes, they were reclassified from the category of property, plant and equipment to the category of investment property, in accordance with International Financial Reporting Standards (IFRS) and applicable accounting policies.

This reclassification reflects the change in the destination of assets, which are held mainly for the purpose of obtaining rental income and/or increasing the value of capital, without there being an active sale plan. The transfer was made at fair value determined on the basis of an independent valuation report as at 31 December 2025.

Production of goods

The share of the main product groups in the turnover related to the production of goods (excluding services) is presented below:



In 2025, the company continued the process of streamlining its production activity by aligning the production of LED lighting fixtures and systems and electric vehicle charging stations with the level of demand, optimizing inventory management and targeting partners with shorter collection periods (0–90 days), in order to improve cash flows and predictability of receipts.

Given the significant level of inventories of electric vehicle charging stations and LED lighting products, the company focused on capitalizing on existing inventories and managing contracts in force with various public authorities, without allocating resources for the production of such goods. At the end of the 2025 financial year, the company held exclusively inventories of finished products intended for sale. Part of the inventories of LED lighting fixtures is maintained in the form of a buffer inventories, intended for possible replacements during the warranty period related to the products already sold to the public authorities with which the company has contracts in force.

As for the activity related to railway traffic safety elements, it was affected by the slow pace of railway infrastructure modernization projects, the final beneficiary being 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 a competitive open outcry tender, organized on September 26, 2025. The measure is part of the strategy of focusing on activities with sustainable potential and generating added value.

Electricity production and supply

In 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.

In 2025, the Company did not make purchases of electricity for the supply activity, which is why it did not generate income from this activity.

3.3. HUMAN RESOURCES AND OHS & ENVIRONMENTAL COMPLIANCE

In 2025, the average number of employees was 60, the reduction in staff being determined by the consolidation of internal processes and the optimization of the portfolio of activities, in order to increase profitability and stabilize financial performance. Relations between management and employees were conducted under normal conditions, without significant conflicts.

At the same time, the company ensured compliance with the legal requirements regarding environmental protection and occupational health and safety, properly managing waste and fulfilling reporting obligations. The monitoring of environmental factors and prevention measures in the field of OSH have been maintained at the standards imposed by the regulations in force, without the registration of any relevant incidents.

4. MERGERS, LIQUIDATIONS OR REORGANIZATIONS OF COMPANIES CONTROLLED BY ELECTROMAGNETICA S.A IN 2025

The group of companies within which Electromagnetica S.A. is the parent company was formed by Procetel S.A., Electromagnetica Fire S.R.L. and Electromagnetica Prestserv S.R.L., representing mainly outsourcing of services. Following the analysis of the operations carried out by the subsidiaries, it was necessary to implement measures to reduce costs and improve operational efficiency, which resulted in the decision to dissolve and liquidate these companies.

Procetel S.A. is a joint stock company with headquarters in Bucharest, Calea Rahovei nr. 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). In 2025, the company no longer carried out the research activity, the results obtained coming mainly from the space rental activity. The administrative management is ensured by Business Recovery BD&A S.P.R.L. In the General Meeting of Shareholders of Procetel S.A. held on 18.11.2024, the dissolution of Procetel S.A. was approved. 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. As of 31.12.2025, the dissolution process was ongoing.

Electromagnetica Prestserv S.R.L. was a limited liability company with headquarters in Bucharest, Calea Rahovei no. 266-268, sector 5, building 1, 2nd floor, axes A-B, pillars 1-2, registered at 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 shareholder 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 shareholder 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. Consequently, this company was removed from the accounting records of Electromagnetica S.A., and the related assets and liabilities were eliminated.

5. MAIN EVENTS WITH A SIGNIFICANT IMPACT ON THE FUNCTIONING OF SOCIETY

In 2025, several events took place, the most important being set out below, in chronological order:

14.02.2025	Termination of the mandate of Commercial Director Robert - Ștefan Ion (last day of the mandate being 13.02.2025).
19.02.2025	Steps regarding the sale of Plastic Injection Machine.
28.04.2025	Holding of the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders. The financial statements, the change of the main object of activity of the company, the acquisition, alienation, exchange or security of assets in the category of fixed assets of the company, whose value, individually or cumulatively, is no more than 50% of the total fixed assets, minus receivables, are approved.
30.04.2025	Steps regarding the sale of electric car charging stations.
15.05.2025	Publication of the report for the first quarter of 2025
12.05.2025 12.06.2025	Steps regarding the sale of real estate (land located in Bucharest, 23-37 Petre Ispirescu Street). Conclusion of the deed regarding the sale of real estate (land located in Bucharest, 23-37 Petre Ispirescu Street).
21.05.2025	Appointment of Deputy General Manager - George - Alin Ștefan (starting with May 22, 2025)
27.06.2025	Termination of mandate of the General Manager - Daniela Cucu (last day being June 30, 2025) / Appointment of General Manager - George - Alin Ștefan (starting with July 1, 2025).
10.07.2025	Steps regarding the sale of SMD line.
15.07.2025	Electromagnetica subsidiary Prestserv S.R.L.
04.08.2025	Subscription of bonds issued by PK Development Holding S.A.
18.08.2025	Publication of the report for the first semester of 2025
26.09.2025 08.10.2025	Relay production line for sale. Conclusion of the deed regarding the sale of the relay production line.
17.11.2025	Publication of the report for the third quarter of 2025
31.12.2025	Early repayment of corporate bonds PK Development Holding S.A.

Detailed information is available at:

<https://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=ELMA>

6. RISK MANAGEMENT OBJECTIVES AND POLICIES. RISK FACTORS

The Company's risk management policy includes all the principles, procedures and control mechanisms necessary to identify, assess, monitor and manage significant risks that may influence the achievement of strategic objectives and the performance of the activities under conditions of efficiency and legal compliance.

Risk management is an essential component of corporate governance and is integrated into current decision-making processes, being adapted to the specifics of the activities carried out within Electromagnetica.

The main categories of risks identified are:

- market risk;
- credit risk (non-payment);
- liquidity and cash-flow risk;
- operational risk (including legal and compliance);
- data protection and processing risk;
- sanctions risk;
- litigation risk;
- risks covered by insurance policies.

Market risk

Market risk is the risk of incurring losses as a result of adverse developments in market variables, such as interest rates, exchange rates, commodity prices or selling prices of goods and services.

The company continuously monitors macroeconomic and sector developments, with the objective of maintaining a balance between profitability and the risk associated with the activities carried out.

Currency risk

Currency risk is the risk of losses arising from exchange rate fluctuations. The Company's exposure is limited, as the majority of supplies and transactions are carried out in the domestic market.

In order to mitigate the impact of exchange rate fluctuations, the Company correlates the timing of payments with that of foreign currency receipts and permanently monitors foreign exchange positions. Typically, cash flows generate a surplus that helps mitigate currency risk. No derivatives are used to hedge this risk.

Risk of non-payment

Credit risk consists of the possibility that the contractual partners will not meet their obligations, generating financial losses. Trade receivables come from a diverse number of customers, mainly public authorities or economic agents active in various fields.

The company applies prudent partner selection policies and, where market practice allows, requires contractual guarantees. It also continuously monitors the situation of receivables and takes steps to recover them, including notifications, court actions (payment orders) and, where appropriate, enforcement.

The exposure to credit risk is reviewed periodically, and impairment adjustments for receivables are recognized in accordance with the applicable accounting regulations.

Liquidity and cash-flow risk

Liquidity risk is the risk that the Company will not be able to meet its payment obligations at maturity.

The management of this risk is achieved by:

- developing cash flow forecasts;
- maintaining an adequate level of liquidity buffers;
- monitoring the maturities of receivables and debts;
- setting investment priorities according to available resources.

The investments were made mainly from its own sources, depending on the current needs of Electromagnetica S.A. and sectors considered profitable or developing. Liquidity risk is closely correlated with market and credit risks and is monitored as part of the integrated risk management system.

Data protection and processing risk

This risk may arise from situations such as accidental loss or modification of data, as well as unauthorized access to personal data. Regardless of the basis of processing, Electromagnetica complies with the obligations set out in the General Data Protection Regulation (GDPR) – Regulation (EU) 2016/679 including the obligation to inform the data subject, at the time of data collection.

Risk of sanctions

The company manages this risk through preventive actions. This involves, among other things, monitoring legislative changes and informing employees, participating in courses and seminars (labor law, competition law, GDPR - personal data protection, risk management and corporate governance, etc.).

Litigation risk

The company is involved in disputes specific to its current activity, but their values are not likely to affect financial stability. In most cases, the Company has the status of creditor.

For all pending cases, including those concerning companies in insolvency or bankruptcy, legal positions are formulated and legal steps to protect the Company's interests are actively pursued.

Risks covered by insurance policies

In order to mitigate the impact of unforeseen events, the Company concludes appropriate insurance policies, which may cover, as the case may be: the risk of natural disasters, the risk of accidental damage, the risk of business interruption, the risk of injury to exposed employees, the protection of assets through insurance, liability to third parties, liability as a manufacturer, professional liability for some professions, directors' liability.

7. PERSPECTIVE ELEMENTS

In 2026, the company estimates to increase the occupancy rate of the spaces by identifying new rental opportunities, including by arranging additional surfaces, as well as by updating rents according to market developments.

Electromagnetica will also continue to maintain a low level of production activity, focusing mainly on the efficient capitalization of existing products in inventories, with a focus on LED lighting systems and electric vehicle charging stations and the management of contracts concluded with public authorities. The company's priority will be to optimize the sales process and reduce the costs associated with storage through commercial and logistics efficiency measures.

The company's investments in 2026 will be mainly oriented towards maintenance and modernization activities, most of the projects being planned at the headquarters of Electromagnetica S.A. in Bucharest.

8. SECURITIES MARKET

8.1 Share price evolution

Electromagnetica is listed in the Premium category of the BVB, where it is traded with the following characteristics:

Market Symbol: **ELMA**

Ordinary, registered, dematerialized shares

Number of shares issued: **676,038,704**

Face value: **0.1000 RON**

Share capital: **RON 67,603,870.40**

ISIN code: **ROELMAACNOR2**

LEI Code: **254900MYW7D8IGEFRG38**

ELMA shares are included in the **BET Plus stock market index**

The evolution of the closing price and the traded volume is illustrated in the following chart.



During 2025, a total of 40,082,760 Electromagnetica S.A. shares were traded (on all markets), representing 5.9291% of the total number of shares, at an average price of RON 0.227/share. The reference price oscillated between a low of RON 0.2020/share and a high of RON 0.2620/share.

8.2 Dividends granted

Electromagnetica S.A. has always considered protecting the interests of shareholders, both in terms of development strategy and dividend distribution policy. During periods when financial performance permitted, the company distributed dividends to shareholders. However, the financial results for 2023 and 2024 recorded losses, which led to no dividends being paid to shareholders.

9. SEPARATE FINANCIAL STATEMENT AS AT 31 DECEMBER 2025

9.1 Financial position

	December 31 2025	December 31 2024
ASSETS		
Non-current assets		
Property, plant and equipment	54,744,749	296,843,904
Investment property	170,145,830	18,780,265
Intangible assets	163,440	359,541
Investments in subsidiaries	732,008	842,008
Other non-current assets	2,851,070	4,512,037
Rights of use assets	2,320,925	1,329,540
Total non-current assets	230,958,022	322,667,295
Current assets		
Inventories	1,284,983	7,234,948
Trade receivables	6,566,025	12,924,372
Cash and cash equivalents	98,632,700	73,532,273
Deposits in banks	173,642	10,000,000
Other current assets	10,067,115	3,284,963
Assets classified as held for sale	-	841,296
Current income tax receivables	1,254,319	1,703,829
Total current assets	117,978,784	109,521,681
Total assets	348,936,806	432,188,976
EQUITY AND LIABILITIES		
Equity		
Share capital	67,603,870	67,603,870
Reserves and other equity items	153,201,654	223,114,466
Retained earnings	98,725,119	94,004,175
Total equity	319,530,643	384,722,511
Long-term liabilities		
Trade and other payables	2,893,237	1,717,399
Deferred income tax liabilities	15,143,319	28,903,190
Lease liabilities	1,653,293	737,735
Total long-term liabilities	19,689,849	31,358,324
Current liabilities		
Trade and other payables	7,399,728	12,724,364
Provisions	1,411,452	2,511,532
Lease liabilities	905,134	872,245
Total current liabilities	9,716,314	16,108,141
Total liabilities	29,406,163	47,466,465
Total equity and liabilities	348,936,806	432,188,976

9.2 Profit or loss result

	Period of 12 months ended December 31 2025	Period of 12 months ended December 31 2024
Revenue	29,317,963	97,667,983
Investment income	-	5,820,666
Net result from the revaluation of investment property	(9,161,082)	-
Other net income and expenses	(704,028)	3,098,513
Variation in the inventory of finished products and production in progress	(1,443,584)	(2,447,031)
Expenses on raw materials and consumables	(4,172,770)	(56,028,654)
Employees benefits expenses	(9,442,162)	(25,297,143)
Depreciation and amortization expenses	(13,341,124)	(10,733,561)
Other expenses	(14,480,397)	(16,970,682)
Financial income	10,108,755	1,886,960
Financial expenses	(345,922)	(221,171)
Profit / (Loss) before tax	(13,664,351)	(3,224,120)
Corporate income tax	2,936,300	(4,183,024)
Profit / (Loss) for the period	(10,728,051)	(7,407,144)

9.3 Cash flow situation

	Period of 12 months ended December 31 2025	Period of 12 months ended December 31 2024
Net cash from operating activities	18,450,547	11,279,698
Net cash used in investment activities	12,936,442	38,603,209
Net cash used in financing activities	(6,286,562)	(1,489,534)
Net increase/(decrease) of cash and cash equivalents	25,100,427	48,393,373
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	98,632,700	73,532,273

10. SUBSEQUENT EVENTS

By the decision adopted on 15.01.2026, the company approved the appointment of Mr. Mihai Odoviciuc as Deputy General Manager, effective as of 01.02.2026.

Between 21.01.2026 – 03.02.2026, the company carried out a public offer for the purchase of its own shares, based on A.S.F. Decision no. 25/15.01.2026, issued in accordance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations. The offer was completed with the acquisition of 12,230,815 shares, representing 1.8092% of the share capital.

At the meeting of the Board of Directors of Electromagnetica S.A. on 10.02.2026, the registration of the updated value of property, plant and equipment and investment property as of 31.12.2025 in the amount of RON 219,789,868 was approved, resulting in a total negative net revaluation difference of RON 77,804,415 compared to the value prior to the revaluation of RON 297,594,283.

Also, at the meeting of 10.02.2026, in accordance with the accounting policy manual, the Board of Directors approved the reclassification on 31.12.2025 from property, plant and equipment to investment property of assets worth RON 160,526,647, representing buildings and land.

Also, on 25.02.2026, at the headquarters in Bucharest, Calea Rahovei no. 266–268, sector 5, a competitive auction was organized, in which a series of assets from the company's patrimony were awarded, at the total price of EUR 115,000, to

which is added VAT. The sale-purchase contract is to be concluded with the successful bidder within ten working days from the date of signing the award report.

On 27.02.2026, Electromagnetica S.A. published on its website and on the website of the Bucharest Stock Exchange the preliminary financial results for 2025.

11. CORPORATE GOVERNANCE STATEMENT

11.1. Relevant corporate governance code

The company's management believes that a high level of transparency, continuous and real-time communication of important information, together with investor protection, is the key to long-term support of the company's development strategy by shareholders and maximization of the value of the shares.

Strict application of the incidental legal framework (Law no. 31/1990 – companies law, republished; Law no. 24/2017 on issuers of financial instruments and market operations; ASF Regulation no. 5/2018 on issuers of financial instruments and market operations and the Bucharest Stock Exchange Code) provides the premises for compliance with internationally established Corporate Governance requirements.

The Board of Directors decided to voluntarily apply the BVB Corporate Governance Code with the mention that, according to the specifics of the company, some provisions will be partially complied with. The current status of compliance with the CGC of B.V.B., the reasons for the partial application and the measures adopted to achieve the corporate governance objectives are presented in the Annex to the Corporate Governance Statement published together with this report.

11.2. General Meetings and Shareholders' Rights

The shareholders' rights and the procedure for participating in the general meetings of shareholders are mentioned in the convening notice of the general meetings and have been summarized in a regulation, available in the Corporate Governance section of the company's website at www.electromagnetica.ro/investitori/guvernanta-corporativa.

11.3. Administration system

Currently, the management system is a unitary one, the Company being led by a Board of Directors consisting of 5 members.

11.4. Corporate governance structures

The main management, management and supervisory structures of the company are the Board of Directors, the Executive Directors, the Audit and Risk Committee, the External Auditor and the Internal Auditor.

11.4.1 Board of Directors (Board of Directors)

In 2025, the composition of the Board of Directors was as follows:

Name	Function	Mandate expiration	Profession	Individual holdings of ELMA shares
Daniela-Adi CUCU	Chairman of the Board of Directors	18 Oct 2027	Bachelor of Legal Science	0%
Cristina-Gabriela Gagea	Member of the Board of Directors	18 Oct 2027	Bachelor of Science in Economics	0%
Sorin-Iulian Cioacă	Member of the Board of Directors	18 Oct 2027	Bachelor of Science in Mathematics and Economics	0%
Mihai Trifu	Member of the Board of Directors	18 Oct 2027	Bachelor of Science in Economics	0%
Mihai Zoescu	Member of the Board of Directors	18 Oct 2027	Bachelor of Science in Economics	0%

The majority of the members of the Board of Directors are non-executive directors, so a balance of authority is ensured. In 2025, the Board of Directors met at least monthly, with all members present in person or using postal voting. The level of the allowances of the members of the Board of Directors is established by the decision of the shareholders in the general meeting.

11.4.2. Directors

According to the statutory provisions, the Chairman of the Board of Directors can also be the General Manager and legally represents the company. The Board of Directors delegates part of its powers to one or more directors on the basis of mandate contracts, while fixing their tasks. The executive leadership during 2025 was ensured as follows:

Name	Quality	Period	Individual holdings of ELMA shares
Daniela-Adi Cucu	General Manager	01.01.2025 - 30.06.2025	0 %
Robert – Ștefan Ion	Commercial Director	01.01.2025 - 13.02.2025	0 %
George - Alin Ștefan	Deputy General Manager/ General Manager	22.05.2025 - 30.06.2025 01.07.2025 - 31.12.2025	0 %

The remuneration of the directors is established by the decision of the Board of Directors.

In order to comply with the legal obligations introduced by Law no. 24/2017 on issuers of financial instruments and market operations - republished, the Remuneration Policy for directors, executive directors and members of the Audit and Risk Committee was developed, which was approved in the OGMS of April 25, 2024.

11.4.3. Independent external auditor

Following the OGMS of April 2023, it was decided to mandate Deloitte Audit S.R.L. to audit the financial statements for the years 2023 and 2024. Subsequently, in the April 2025 OGMS, the extension of the mandate of the auditor Deloitte Audit S.R.L. by 1 year was approved, respectively the mandate for auditing the financial statements for 2025.

The audit firm is represented by Mr. Răzvan Ungureanu – Audit Partner.

Identification data of **Deloitte Audit S.R.L.** are as follows:

CIF RO 7756924 , Registration No. with the Trade Register J1995006775407

Authorization of the Chamber of Financial Auditors of Romania no. 25/25.06.2001

The company's headquarters – Bucharest, Sector 1, The Mark Building, Calea Griviței nr. 84-98 and 100-102, 9th floor

11.4.4. Internal control

The Board of Directors works closely with the Audit and Risk Committee, the Internal Auditor and Financial Control on matters related to financial reporting, internal control and risk management. The managerial experience and professional training of the members of the Board of Directors allow them to assess the effectiveness of the internal control system.

The company has an internal/managerial control system, the design and application of which allow the executive management and the Board of Directors to provide reasonable assurance that the company's funds allocated for the purpose of achieving the general and specific objectives have been used in conditions of legality, regularity, efficiency and economy. The internal/managerial control system includes both self-control mechanisms and subsequent control through the Audit and Risk Committee, and the application of measures aimed at increasing its effectiveness is based on risk assessment.

The company's internal accounting and financial control was applied in order to ensure accounting management and financial monitoring of the Company's activity. The internal control activity was aimed at:

- ensuring compliance with the legislation in force;
- the application of decisions taken by the company's management;
- the proper functioning of the company's internal activity;
- reliability of financial information;
- efficient use of resources;
- risk prevention and control.

The control activity was carried out together with the Internal Auditor, taking into account his recommendations and observations.

11.4.5. Audit and Risk Committee

In accordance with the provisions of the Audit Law no. 162/2017 and EU Regulation no. 537/2014 on auditing and with the BVB recommendations for listed companies, the Board of Directors decided in 2018 to set up an Audit and Risk Committee.

It is an important structure within corporate governance, in many cases providing the interface with the statutory financial auditor and having an important role in the preparation of annual audit reports and the proper functioning of the company.

The Audit and Risk Committee establishes responsibilities for: the quality and integrity of the company's financial statements; the company's compliance with legal and regulatory requirements; the company's global risk management process; performing the company's internal audit function.

It also approves the audit program and coordinates the work of the internal auditor, which is an outsourced service.

The Audit Committee of Electromagnetica is made up of: Mrs. Cristina-Gabriela Gagea, President; Mr. Sorin-Iulian Cioacă, Member; Mr. Mihai Trifu, Member.

11.5. Conflict of interest management, stakeholder transactions and confidential information regime

Directors in a potential conflict of interest shall inform the Board of Directors and refrain from debating the issues concerned and voting. Transactions with the parties involved are concluded on non-preferential terms and are negotiated by members of the management who are not related to the parties involved, being reported to the FSA and BVB, if applicable. The external auditor will duly report and analyse these transactions. The company compiles and updates the list of people who are presumed to have access to insider information. Annually, the directors and directors of the company and of the other affiliated parties make declarations on their own responsibility regarding conflicts of interest and non-competitive activities.

11.6. Acquisition of own shares

At the General Meeting of Shareholders of Electromagnetica S.A. held on December 19, 2024, the implementation of a buyback program by the Company of its own shares was approved.

- Program size – the redemption of a maximum of 60,000,000 treasury shares with a nominal value of RON 0.10 per share;
- acquisition price - the minimum purchase price is 0.10 RON/share, and the maximum price is 0.40 RON/share;
- program duration – maximum 18 months from the date of registration in the Trade Register;
- payment of the repurchased shares will be made from the distributable profit or from the available reserves of the company recorded in the latest approved annual financial statement, except for legal reserves, according to the 2023 financial statements;
- program purpose - reduction of the share capital by cancelling the repurchased shares.

In 2025, there were no buyback programs for own shares.

On January 15, 2026, the company informed shareholders and investors that the Financial Supervisory Authority issued Decision no. 25/15.01.2026, which approved the public offer document for the purchase of shares issued by Electromagnetica S.A., initiated by the Company, in accordance with the Resolution of the General Shareholders' Meeting of 19.12.2024, an offer with the following characteristics:

- Number of shares subject to the offer: 60,000,000 shares, representing 8.8752% of the share capital;
- Nominal value: 0.10 RON/share;
- The purchase price is: 0.26 RON/share;
- Period: 21.01.2026-03.02.2026;
- Intermediary of the offer: SWISS Capital S.A.;
- Subscription locations: according to the information contained in the offer document.

On February 6, 2026, the company informed shareholders and investors that, during the public tender offer carried out between 21.01.2026 - 03.02.2026, it acquired 12,230,815 treasury shares, representing 1.8092% of the share capital.

11.7. Reporting of the transactions of directors and other persons involved with the company's shares

The Company does not apply any additional rules, other than those provided by the legal rules, regarding transactions with the company's shares carried out by the directors or other persons involved.

11.8. Amendments to the articles of association

The Articles of Association were updated on April 28, 2025, following the approval of the shareholders on the proposals made at the EGMS of that date.

11.9. Dissemination of corporate information

The company establishes and publishes annually, on the BVB website and on its own website, a financial reporting calendar. The company prepares and disseminates periodic and continuous information relevant to the investment decision, information published both on its own website and on the BVB website (symbol "ELMA").

The staff dedicated to this activity is permanently prepared, trained and professionally formed on aspects regarding the relationship of a company with its shareholders and the principles of corporate governance.

During 2025, the dissemination of information was made in Romanian and English, for those categories of documents provided by the applicable legal framework.

The Company encourages communication with shareholders through the **Investors** section of its website available at <https://www.electromagnetica.ro/investitori/> and for additional information investors can contact tel: 021.404.21.02, fax: 021.404.21.95 and email: juridic@electromagnetica.ro.

Attached to this Report is the Corporate Governance Statement.

Chairman of the Board of Directors

Daniela – Adi Cucu

General Manager

George – Alin Ștefan

Chief Accountant

Maria Gârzu

Comply-or-Explain Statement (CES)

Company Name: Electromagnetica S.A.

Section	Principle	Prov No.	Provision (detailed)	Yes	Partial	No	Explanation (text and url link if document is on website)
A: GOVERNING BODIES							
A: GOVERNING BODIES	A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.	A.1., 1	The Board should have an internal regulation that formalises and clearly states its roles and responsibilities. The articles of association, Board's internal regulation and other internal regulations should clearly delineate the roles and competencies among the Board, general meeting of shareholders (GMS) and executive management.	X			
A: GOVERNING BODIES	A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.	A.1., 2	Board's internal regulation should include, among others, the Board's responsibilities as well as fiduciary duties of directors to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company, its shareholders and taking into account the interests of other stakeholders in line with legal requirements.	X			
A: GOVERNING BODIES	A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.	A.1., 3	To sustain the Company's long-term viability and success, the Board should: <ul style="list-style-type: none"> ·Oversee the development and approve the Company's strategy and ensure that it also integrates sustainability aspects, including environmental and social (E&S) considerations and climate-related risks and opportunities; ·Appoint and dismiss CEO and other executives to whom executive management responsibilities were delegated (called executive management) and ensure their succession planning; ·Oversee the management performance, management role in addressing material sustainability risks and opportunities and align the remuneration of executive management with the long-term interests and sustainability of the Company, according to the provisions of the Company's remuneration policy; ·Ensure there is a sound framework for internal controls and risk management; ·Ensure that the Company has in place procedures to enable effective communication with shareholders and other stakeholders. 	X			
A: GOVERNING BODIES	A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.	A.1., 4	Duration of appointment of Board and executive management should be set clearly and should, to the extent possible, foster stability and predictability.	X			
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 1	The Board should have at least five members.	X			
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 2	The Board should have in place a policy on Board and executive management diversity and should ensure that diversity requirements in terms of gender, age, experiences and skills are incorporated in the Nomination Policy.	X			
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 3	The Board should develop a Board profile which specifies the desired characteristics and traits of its members including factors such as independence, diversity, integrity, specific skills and experience, industry knowledge, ability and willingness to devote adequate time and effort to Board responsibilities in the context of the needs of the Board and its committees and their exercise of the Board's strategic and oversight roles. The Board profile can be part of the Nomination Policy.	X			
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 4	The majority of the members of the Board should be non-executives. At least a third of the Board members should be independent. Each independent member of the Board should submit a declaration regarding his/her independence at the time of his/her nomination for election or re-election as well as when any change in his/her status arises, as per the criteria of independence defined in law and in Appendix A to the Code.	X			
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 5	The Nomination and Remuneration Committee (or the entire Board if there is no Nomination and Remuneration Committee) should assess whether the directors can be considered independent under the factors taken into account, by examining whether there are any business or other personal relationships that could materially affect the independence and objectivity of the director and his/her ability to act in the best interests of the Company, its shareholders and stakeholders.	X			

Section	Principle	Prov No.	Provision (detailed)	Yes	Partial	No	Explanation (text and url link if document is on website)
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 6	The positions of Chairperson and Chief Executive Officer (CEO) are recommended to be held by different individuals.	X			
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 7	If the Chairperson and CEO functions are performed by the same person, it is recommended that the Board appoints an independent Vice-Chairperson.	X			
A: GOVERNING BODIES	A.3. The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the nomination of new members to the Board.	A.3., 1	The Company should develop and disclose a board nomination policy ("Nomination Policy") that should define the processes and procedures for the nomination, election or replacement of a director. The Nomination Policy, approved by the competent governance body, shall describe how the Company receives and evaluates nominations from shareholders (including minority shareholders) or from members of the Board, including in relation to the board profile, independence and diversity.	X			
A: GOVERNING BODIES	A.3. The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the nomination of new members to the Board.	A.3., 2	The Board, through its Nomination and Remuneration Committee, if established, should monitor the nomination process of candidates for the position of Board member.	X			
A: GOVERNING BODIES	A.3. The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the nomination of new members to the Board.	A.3., 3	The Company should disclose to shareholders information on the experiences and CV of the director candidates that they require to make an informed decision on the appointment or reappointment of the directors including the following: -candidates' professional commitments and engagements, including executive and non-executive positions in companies, public authorities, not-for-profit bodies or other organisations; -any existing or potential conflicts of interest including whether they have business, family or other relationships that could affect their performance as directors on the Board; -which shareholder or member of the Board proposed each candidate for the Board positions.	X			
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 1	The Board shall establish an Audit Committee to enhance its oversight capability over the financial reporting, internal control framework, internal and external audit processes, and compliance with applicable laws and regulations. Where a separate risk management committee is not required by law or already established, the Audit Committee will also include oversight responsibilities for the efficiency of the risk management framework.	X			
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 2	The Audit Committee is recommended to be composed of non-executive directors. The majority of the Committee members is recommended to be independent, including the Committee chairperson. The Audit Committee, as a whole, should have competencies relevant to the Company's area of operations. The Committee and its members should comply with the applicable national and European legislation.	X			
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 3	The Boards of Premium Tier companies should set up a Nomination and Remuneration Committee formed of non-executive directors. The majority of the Committee members is recommended to be independent, including the Committee chairperson. The Board may also establish a separate Nomination Committee and a separate Remuneration Committee if the Board composition accommodates it and if this is justified given the Company's size and complexity of its business and governance structures.	X			The duties are carried out by the members of the Board of Directors
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 4	In addition to its specific responsibilities as provided under this Code, the Nomination and Remuneration Committee should: i. Review and recommend to the Board the size and composition of the Board and lead the development and ongoing review of the Board profile; ii. Identify individuals qualified to become Board members and members of the executive management, if requested; evaluate the candidates for executive management roles; evaluate the candidates proposed by the shareholders or by Board members for a director role and inform the GMS accordingly; iii. Make recommendations to the Board concerning committee appointments (other than the Nomination and Remuneration Committee); iv. Coordinate an annual evaluation of the Board, directors and committees in line with provisions set out in Principle A.5.; v. Assist the Board in fulfilling its responsibilities related to the Company's remuneration policy; vi. Assist the Board in the development of the succession plans for executive management, as well as the emergency succession plans and CEO search process, as required; vii. Oversee the administration of the Company's compensation and benefits plans.	X			

Section	Principle	Prov No.	Provision (detailed)	Yes	Partial	No	Explanation (text and url link if document is on website)
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 5	The role and responsibilities of Board committees should be defined in separate internal regulation (operating regulations) and disclosed on the Company's website. If the Company chooses not to establish any of the Board committees not required by law, the corresponding tasks and responsibilities shall be done by the Board and should be adequately stated in the Board's internal regulation.	X			
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 6	The evaluation of independence for the members of the committees, including when the members of the committees are appointed by the GMS, shall be carried out according to the same procedure applicable to the independent members of the Board.	X			
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 7	The chairpersons of the Audit Committee and Nomination and Remuneration Committee should not be the Chairperson of the Board or of any other committee, unless this is justified by the size of the Board.	X			
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 1	The Board Chairperson is primarily responsible for ensuring that the Board functions properly. The Board's internal regulation should contain the role and responsibilities of the Board Chairperson and the Board Chairperson, at a minimum, should: <ul style="list-style-type: none"> •Determine the agenda of the Board meetings, chair such meetings and ensure that minutes are kept of such meetings; •Ensure the Board receives accurate, timely, useful, succinct information to enable the Board to make sound decisions; •Ensure the Board has sufficient time for consultation and decision-making; •Enable the Committees to function properly and that there is effective communication with Board committees, including actionable, insightful reports of committees back to the full Board; •Ensure the performance of the Board is evaluated and discussed at least once a year and disclosed as per provision D.1.3; •Ensure that the Board has proper working relationship with the executive management. The CEO and the Chairman of the Board (if positions are held by different individuals) shall meet regularly; •Address and manage internal disputes and conflicts of interest concerning Board members. 	X			
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 2	The Board should meet as often as necessary but not less than six (6) times a year.	X			
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 3	The Board can request to designate the Corporate Secretary who should assist the Board in complying with its obligations under law, Board internal regulation and other policies. The Corporate Secretary should be a senior officer in the Company tasked with assisting the Board and its committees in organising their activities, in preparing for the meetings, annual Board and committee performance evaluation and director training programs, if the case.	X			
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 4	The Board should clearly define the rights and responsibilities, scope of authority and other issues related to the Corporate Secretary.	X			
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 5	The Board and its committees should develop and approve an annual internal work plan identifying topics to address during the year before the end of the previous year. The plan should take into account decisions that need to be proposed to the GMS, reporting by management and internal control functions, the required frequency of Board and Committee meetings, and should be reviewed by the Chairperson, assisted by the Corporate Secretary.	X			
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 6	The Board should conduct an annual evaluation of the composition, activity and dynamics of the Board and its committees, individually and as a whole, and which should be coordinated by the Nomination and the Remuneration Committee.	X			
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 7	The Nomination and Remuneration Committee should share the results of the Board evaluation with the whole Board and should then set follow up actions, if any, including professional development and training plans for the Board to fill gaps.	X			

Section	Principle	Prov No.	Provision (detailed)	Yes	Partial	No	Explanation (text and url link if document is on website)
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 8	The Board's internal regulation should require Company orientation (induction) programmes for newly appointed directors, ensured by internal staff of the Company. The Board's internal regulation can also include references for ongoing director education program, if needed. The implementation of any orientation and ongoing trainings programmes for directors (as per the Board decision) is made under the oversight of the Nomination and Remuneration Committee, with the support of the Corporate Secretary. Based on the results of the annual board evaluation, the Nomination and Remuneration Committee jointly with the Board Chairperson shall develop professional development programmes focusing on the areas where capacity should be built among Board members.	X			
A: GOVERNING BODIES	A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.	A.6., 1	Executive management should run the Company and be accountable to the Board. Division of responsibilities between the Board and the executive management and between different members of the executive management should be clearly articulated in the Company's by-laws and the internal regulations of the Company.	X			
A: GOVERNING BODIES	A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.	A.6., 2	When Board Chairperson and CEO roles are exercised by one individual, the different responsibilities of the Board Chairperson and CEO should be clearly defined and distinguished in the Company by-laws.	X			
A: GOVERNING BODIES	A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.	A.6., 3	The Board should ensure that the executive management is comprised of persons with adequate knowledge, skills, diversity and experience to support successful Company performance and that there are measures in place to provide for the orderly succession of executive management.	X			
A: GOVERNING BODIES	A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.	A.6., 4	The Board, with the support of the Nomination and Remuneration Committee, should annually evaluate executive management's performance, the effectiveness of its cooperation with the Board, including the information provided to the Board.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK							
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 1	The Board determines the nature and extent of the risks the Company is willing to take necessary for the achievement of Company's strategic objectives (i.e., the Company's risk appetite) and should ensure there are clear structures, policies and procedures in place that identify, evaluate, report, manage and monitor significant and emerging risks, including risks related to sustainability, cybersecurity and the use of digital technologies. The Board should explain in the annual report the mechanisms and processes in place to identify and manage risks.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 2	The Board should adopt a formal risk management policy, to ensure accurate, complete and timely identification, measurement and reporting of risks, adequate and feasible risk control measures as well as integration of an E&S risks into the risk management framework in support of the Company's strategy implementation.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 3	The Board and Audit Committee should understand emerging information technology and artificial intelligence-related changes so to mitigate cybersecurity risks. Time should be given to the AI risks and opportunities and cybersecurity on Board agenda to ensure understanding of cyber protection.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 4	The Company is recommended to establish a risk management function responsible for ensuring accurate, complete and timely identification of the risks, ensuring that adequate and feasible risk control measures are in place and monitoring the risk management procedures. The risk management function, through the Chief Risk Officer (CRO), where present, should have a direct communication and functional reporting to the Board and Audit Committee (if there is no separate Risk Committee).	X			The monitoring of the company's risks is carried out by the Audit and Risk Committee.

Section	Principle	Prov No.	Provision (detailed)	Yes	Partial	No	Explanation (text and url link if document is on website)
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 5	The Board with the assistance from the Audit Committee should at least annually assess the adequacy and effectiveness of Company's risk management and internal control framework (including operational and compliance controls) and make relevant recommendations. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and compliance, internal control reports, if they are required by applicable legislation, to the Audit Committee, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and submission of relevant reports to the Board.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 6	The Company should develop and make available on a free of charge basis on the Company's website a whistle-blowing mechanism which would enable employees and stakeholders to make reports about suspected breaches or wrongdoings as per the applicable legislation in place.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.	B.2., 1	In addition to its responsibilities mentioned in legislation and elsewhere in the Code, the Audit Committee should: <ul style="list-style-type: none"> ·Review the Company's internal controls and risk management frameworks; ·Oversee the development and application of the Company's policies on conflicts of interests and related party transactions; ·Ensure independence and review the effectiveness of the Company's internal audit function and make a recommendation to the Board; ·Oversee the internal audit function; ·Oversee the preparation of sustainability-related reports and information included in them, unless this task is assigned to another committee; ·Oversee the framework for ensuring the Company's compliance with applicable legal and regulatory requirements and internal regulations of the Company (like the procedures for reporting breaches of the law or the Company's Code of Conduct), unless this task is assigned to another committee. 	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.	B.2., 2	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by regular (at least annual) or ad-hoc reports to the Board.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.	B.2., 3	The Audit Committee should monitor the independence and objectivity of the external auditor. The Committee should approve a policy on the provision of permitted non-audit services by the external auditor in line with legal requirements and enforce implementation of that policy. Committee's findings regarding the independence of the external auditor should be disclosed in the annual report.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.	B.2., 4	The Audit Committee should discuss the annual audit work plan with the external auditor covering the scope and materiality of the activities to be audited. The audit committee should meet the external auditor as needed to discuss issues identified and to monitor the quality of the services provided.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.	B.3., 1	The Board should ensure that the internal audit has the authority, resources and procedures adequate to assist the Board in ensuring effectiveness and efficiency of the Company's risk management and internal control framework.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.	B.3., 2	To ensure fulfillment of the core functions of the internal audit function, the head of the function should be appointed by and report functionally directly to the Board via the Audit Committee, who shall be tasked with approving his/her appointment and dismissal. This is without prejudice to administrative reporting to the CEO and sharing information with the Company's executive management, in line with legal requirements and professional standards.	X			
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.	B.3., 3	The internal audit function should be established in line with applicable legal requirements and industry standards (e.g., Institute of Internal Auditors). The internal audit authority, composition, remuneration, annual budget, working procedures and other relevant matters shall be regulated in separate internal audit's internal regulation approved by the Board, following the recommendation of the Audit Committee.	X			

Section	Principle	Prov No.	Provision (detailed)	Yes	Partial	No	Explanation (text and url link if document is on website)
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.	B.3., 4	The Audit Committee should agree an annual internal audit work plan with the internal auditor, receive internal audit reports, updates on key audit issues, monitor implementation of recommendations of the internal audit and provide necessary guidance.	X			
C: PERFORMANCE, MOTIVATION AND REWARD							
C: PERFORMANCE, MOTIVATION AND REWARD	C.1. Members of the Board shall receive remuneration corresponding to the volume and weight of powers and their responsibilities, rather than the performance of management or the Company. The structure and amount of director's remuneration should enable the Company to attract, retain and motivate the competent and qualified directors.	C.1., 1	Board members should receive remuneration, as per the Remuneration Policy of the Company. Members who also serve on Board committees should receive additional remuneration for this work. But in no circumstances should the remuneration be linked to the number of board or committee meetings.	X			
C: PERFORMANCE, MOTIVATION AND REWARD	C.2. The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the GMS in line with legal requirements.	C.2., 1	The Board should determine the annual remuneration of the executive management, based on the recommendations of the Nomination and Remuneration Committee and in accordance with the Company's remuneration policy. The remuneration policy should be prepared in accordance with the relevant legal requirements.	X			
C: PERFORMANCE, MOTIVATION AND REWARD	C.2. The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the GMS in line with legal requirements.	C.2., 2	Levels of remuneration for executive management members and key performance indicators taken into account when determining variable (performance-based) part of the remuneration should be set in advance and be measurable and appropriate in relation to the agreed strategy and risk appetite, the economic environment within which the Company operates, and the pay and conditions of employees within the Company. In particular, they should include indicators related to non-financial performance and appropriate sustainability objectives.	X			
C: PERFORMANCE, MOTIVATION AND REWARD	C.2. The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the GMS in line with legal requirements.	C.2., 3	Company's shares and/or share purchase options should represent a significant part (e.g., not less than 10%) of the executive management member's total variable remuneration.	X			
D: DISCLOSURE AND INVESTOR RELATIONS							
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 1	The Company should make sure to provide accurate, complete and timely financial and operational information, including quarterly, half-yearly and annual reports, as well as current reports. Companies should ensure all relevant information is easily accessible to investors, including through the Company website and other public information sources, as the case may be.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 2	The Company is recommended to have an Investor Relations (IR) function and should appoint a dedicated person in charge of IR function. The contact details of the person or persons charged of the IR function shall be available on the Company's website. The IR function will report directly to the CEO/CFO, underscoring its significance within the Company's hierarchy and emphasizing its central role in managing and communicating the Company's capital market engagements and status. The Company should organise induction and regular training/courses, if needed, for the IR function, tailored to its specific needs and responsibilities.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The Company should include on its corporate website a dedicated Investor Relations section, with all relevant information of interest for investors, available both in Romanian and English.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •Main corporate regulations: updated articles of association, GMS procedures, board's internal regulation and board committees' internal regulations.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •List of current members of the Board, Board's Committees and executive management, providing an up-to-date information on independence status , professional CVs (containing at least: name, surname, gender, nationality, age; work experience by year, position and Company; studies, field of study and academic or professional institution granting the diploma), other professional commitments, including executive and non-executive Board positions in companies, not-for-profit institutions and state institutions; relationship with shareholders holding at least 5% of the voting rights/shares issued by the Company; the duration of the appointment of the members of the Board, the Committees and the executive management, specifying the date from which they were appointed.	X			

Section	Principle	Prov No.	Provision (detailed)	Yes	Partial	No	Explanation (text and url link if document is on website)
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •Current reports and periodic reports (quarterly, semi-annual and annual reports).	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •Information related to GMS: the agenda, supporting materials and the decisions taken; procedure for running the GMS; the Nomination Policy; candidates' professional CVs (containing at least: name, surname, gender, nationality, age; work experience by year, position and Company; studies, field of study and academic or professional institution granting the diploma), as well as any other information presented at A.3.3; communication channel(s) for shareholders to address questions; answers to shareholders' questions related to the agenda; declarations of independence for board candidates and evaluations made by Nomination and Remuneration Committee/Board for candidates, including their compliance with independence criteria.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •Information on Board evaluation, made as per Provision A.5.7, including evaluation criteria and process, as well as a summary result of the evaluation and actions that have been or will be undertaken as a result of the evaluation.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •Corporate policies, among which code of conduct, dividend policy, remuneration policy, forecast policy, policy for communication with investors, the corporate social responsibility (CSR)/sponsorship policy, policy for related parties' transactions, policy for diversity, equity and inclusion, and whistleblowing policy (if not already part of the Code of Conduct).	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 4	The Company should organise at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the Company website at the time of the meetings/conference calls.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 5	The Company should disclose the material and reportable non-financial and sustainability issues with emphasis on the disclosure of environmental, social and governance (ESG) issues of its business and operations in line with the recognized standard of sustainability reporting. The Company's sustainability statements shall be disclosed on its website.	X			Information regarding ESG aspects is presented in the Board of Directors' Report; the Company does not meet the criteria requiring it to prepare a Non-Financial Statement.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 6	The Company should have a CSR/sponsorship policy to guide the activity in the area of supporting CSR activities and sponsorship.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 1	The Company should have a dividend policy as a set of directions the Company intends to follow regarding the distribution of net profit.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 2	The procedure for running the GMS should not restrict the participation of shareholders in GMS and the exercise of their rights. Amendments of the procedure for running the GMS should take effect, at the earliest, as of the next GMS.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 3	The external auditors should attend the shareholders' meetings where their reports are presented, in order to respond to shareholders' questions.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 4	The Board should present to the annual GMS a summary of the assessment of the adequacy and effectiveness of the risk management and internal control framework, as per the related information included in the annual report.	X			

Section	Principle	Prov No.	Provision (detailed)	Yes	Partial	No	Explanation (text and url link if document is on website)
D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 5	The Company should stimulate engagement with shareholders and investors by: •Encouraging active shareholder participation in GMS, like ensuring conditions for virtual participation. •Holding regular briefings and updates for investors, especially during significant corporate events. •Establishing channels for shareholders to provide feedback and ask questions, ensuring responses are timely and comprehensive.	X			
D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 6	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairperson of the Board. Accredited journalists may also participate in the GMS, unless the Chairperson decides otherwise.	X			
E: SUSTAINABILITY AND STAKEHOLDERS							
E: SUSTAINABILITY AND STAKEHOLDERS	E.1. The Company should integrate sustainability aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.	E.1., 1	The Board should ensure that sustainability, environmental and social considerations are integrated in the Company's strategy and operations, risk management and remuneration practices and shall oversee this integration. A specialised sustainability committee or one of the standing committees of the Board shall assist the Board with these tasks.	X			
E: SUSTAINABILITY AND STAKEHOLDERS	E.1. The Company should integrate sustainability aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.	E.1., 2	The Board should ensure that Company's operations run according to the national and international E&S standards and Company's E&S policies are consistent with its long-term objectives. In particular, the Company shall have internal acts relating to its responsibilities for environmental and social issues and policies and procedures that enable it to identify material factors and assess the impact on the Company's activities.	X			
E: SUSTAINABILITY AND STAKEHOLDERS	E.1. The Company should integrate sustainability aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.	E.1., 3	Whenever a decision to be approved by the Board has potential material and negative E&S impact, the Board should receive from the executive management (i) an analysis on how this decision is aligned with the Company's sustainability objectives and E&S policies or (ii) proposal of the measures to mitigate negative E&S impacts.	X			
E: SUSTAINABILITY AND STAKEHOLDERS	E.2. The Company should have in place a process for identifying the stakeholders affected by Company's operations. The Board should take into consideration stakeholders' interests and ensure there is active communication between the Company and its stakeholders.	E.2., 1	The Board should ensure that there is a formal stakeholder identification process for Company's stakeholders including investors, creditors, clients, employees and suppliers, as well as targeted approaches for engaging with its priority stakeholders.	X			
E: SUSTAINABILITY AND STAKEHOLDERS	E.3. The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance.	E.3., 1	The Board should develop a purpose statement and a vision statement as well as articulate Company's values, so the entire organisation understands the Company's strategic direction.	X			
E: SUSTAINABILITY AND STAKEHOLDERS	E.3. The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance.	E.3., 2	The Board should adopt a Code of Conduct for Board members, executive management and Company employees, with clear provisions aimed at preventing and sanctioning fraud and bribery. The Board should not permit any waiver of any ethics requirement by any director, executive manager or employee.	X			
E: SUSTAINABILITY AND STAKEHOLDERS	E.3. The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance.	E.3., 3	The Board should ensure that the Code of Conduct policies are integrated into Company's practices and incorporated into the onboarding process for new hires. The Board should ensure the efficient implementation and monitoring of compliance with the Code of Conduct and periodically review it.	X			



DECLARATION

**according to the provisions of Law no. 24/2017
regarding financial instruments issuers and market operations**

By this present document, we confirm that, to the best of our knowledge, the annual financial statements, prepared in accordance with the applicable accounting standards, provide a true and fair view of the assets, liabilities, financial position, and profit and loss account of Electromagnetica S.A., and that the Board of Directors' report includes a correct analysis of the Company's development and performance, as well as a description of the main risks and uncertainties specific to its operations.

We also confirm that:

- a) the accounting policies applied in the preparation of the separated annual financial statements are in accordance with the applicable accounting regulations;
- b) the separated annual financial statements give a true and fair view of the financial position, financial performance, and other information relevant to the Company's operations;
- c) the Company conducts its activities on a going concern basis.

**Chair of the Board
Daniela – Adi Cucu**

**General Manager
George – Alin Ștefan**

**Chief Accountant
Maria Gârzu**



- ☑ SOLUTII DE ILUMINAT CU LED
- ☑ STATII INCARCARE VEHICULE ELECTRICE
- ☑ ECHIPAMENTE ELECTRICE SI ELECTRONICE
- ☑ INJECTIE MASE PLASTICE
- ☑ PROIECTARE
- ☑ PRODUCTIE ENERGIE ELECTRICA DIN SURSE
REGENERABILE SI FURNIZARE ENERGIE ELECTRICA
- ☑ SUBCONTRACTARE PRODUSE SI SUBANSAMBLE
ELECTRONICE, MASE PLASTICE, METALICE



ARTICLES OF ASSOCIATION OF "ELECTROMAGNETICA" S.A.

- updated on April 28, 2025 -

CHAPTER I

NAME. LEGAL FORM. REGISTERED OFFICE. DURATION

Art. 1 - Name of the company

- 1.1. The name of the company is the commercial company "**ELECTROMAGNETICA**" SA.
- 1.2. in all documents, invoices, orders, offers, price lists, prospectuses, announcements, publications and other documents issued by the Company, the name of the company shall be preceded or followed by the words "joint stock company" or the initials "S.A.", the subscribed and paid-up share capital, the company's registered office, the registration number with the Trade Register and the unique registration code.
- 1.3. The company's emblem will be the one of the trademark registered with the State Office for Inventions and Trademarks by certificate no. 32832/28.07.1997, having the following description: The emblem is represented by the name of the company, written in large letters, white embroidered with blue, the letter "O" is represented by a white circle embroidered with blue, inside which there is the globe with meridians and parallels and a part of the continents.

Art. 2 - The legal form of the company.

- 2.1. The commercial company "**ELECTROMAGNETICA SA**", hereinafter referred to as the commercial company, is a Romanian legal entity, having the legal form of a joint stock company and is an public commercial company.
- 2.2. It carries out its activity in accordance with the Romanian laws and with this Articles of Association.

Art. 3 - Registered office of the company

- 3.1. The company's registered office is in Romania, Bucharest, Calea Rahovei nr. 266-268, sector 5. The company's registered office can be changed to another locality in Romania, based on the decision of the general meeting of shareholders, according to the law.
- 3.2. The company may establish or abolish branches, representations, agencies, work points and other secondary offices without legal personality on the territory of Romania or abroad, based on the decision of the Board of Directors, in compliance with the regulations and legal provisions.

Art. 4 - Duration of the company

- 4.1. The duration of the company is unlimited, starting from the date of its registration in the Trade Register.

CHAPTER II

PURPOSE AND OBJECT OF ACTIVITY OF THE COMPANY

- Art. 5** - The purpose of the commercial company is to carry out its activities efficiently that are the object of its activity.

Art. 6 Field and object of activity of the company.

6.1. **The main field of activity is** NACE code 682 - rental and subletting of own or leased real estate and **the main activity is NACE code 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 (NACE Rev.3).

6.2. Object of activity of the company (NACE Rev.3).

NACE code 1624 - Manufacture of wooden packaging;

NACE code 1628 - Manufacture of other wood products; manufacture of articles of cork, straw and other woven vegetable materials;

NACE code 2226 - Manufacture of other plastic products;

NACE code 2453 - Casting of light non-ferrous metals;

NACE code 2511 - Manufacture of metallic constructions and component parts of metallic structures;

NACE code 2512 - Manufacture of metal doors and windows;

NACE code 2522 - Production of metal tanks, tanks and containers;

NACE code 2552 - Heat treatments of metals;

NACE code 2553 - General mechanical operations;

NACE code 2563 - Manufacture of tools;

NACE Code 2594 - Manufacture of screws, bolts and other threaded articles; manufacture of rivets and washers;

NACE code 2599 - Manufacture of other articles of metal n.e.c.

NACE code 2630 - Manufacture of communication equipment;

NACE code 2651 - Manufacture of instruments and devices for measurement, verification, control, navigation;

NACE code 2670 - Manufacture of optical instruments, magnetic and optical supports; manufacture of photographic equipment;

NACE code 2711 - Manufacture of electric motors, generators and transformers;

NACE code 2712 - Manufacture of electricity distribution and control devices;

NACE code 2740 - Manufacture of electrical lighting equipment;

NACE code 2790 - Manufacture of other electrical equipment;

NACE code 2824 - Manufacture of machines - electrically operated portable tools;

NACE code 2825 - Manufacture of ventilation and refrigeration equipment, except for household equipment;

NACE code 2841 - Manufacture of machinery and machine-tools for metalworking;

NACE code 2842 - Manufacture of other machine tools n.e.c.;

NACE code 2896 - Manufacture of machinery for processing plastics and rubber;

NACE code 2931 - Manufacture of electrical and electronic equipment for motor vehicles and for motor vehicle engines;

NACE code 2932 - Manufacture of other parts and accessories for motor vehicles and for motor vehicle engines;

NACE code 3250 - Manufacture of dental medical devices, appliances and instruments;

NACE code 3313 - Repair and maintenance of electronic and optical equipment;

NACE code 3320 - Installation of industrial machinery and equipment;

NACE code 3514 - Electricity distribution;

NACE code 3515 - Electricity trading;

NACE code 3540 - Activities of agents and brokers in the field of electricity and natural gas;

NACE code 3600 - Water Collection, Treatment and Distribution;

NACE code 3700 - Wastewater collection and treatment;

NACE code 3821 - Recovery of recyclable materials;

NACE code 4222 - Construction works of utility projects for electricity and telecommunications;

NACE code 4299 - Construction works of other engineering projects n.e.c.;

NACE code 4311 - Demolition works of constructions;

NACE code 4321 - Electrical installation works;

NACE code 4322 - Plumbing, heating and air conditioning works;

NACE code 4323 - Insulation works;

NACE code 4324 - Other works of installations for constructions;

NACE code 4331 - Plastering works;

NACE code 4332 - Carpentry and carpentry works;
NACE code 4333 - Flooring and wall cladding works;
NACE code 4334 - Painting, painting and window installation works;
NACE code 4335 - Other finishing works;.
NACE code 4341 - Roofing, roofing and terrace works for constructions;
NACE code 4342 - Other special construction works for buildings;
NACE code 4350 - Special construction works for civil engineering projects;
NACE code 4391 - Masonry activities;
NACE code 4399 - Other special construction works n.e.c.;
NACE code 4618 - Intermediation in the trade specialized in the sale of specific products n.e.c.;
NACE code 4619 - Intermediation in the trade of various products;
NACE code 4649 - Wholesale of other household goods;
NACE code 4671 - Wholesale of motor vehicles;
NACE code 4672 - Wholesale of parts and accessories for motor vehicles;
NACE code 4683 - Wholesale of wood and materials construction and sanitary equipment;
NACE code 4684 - Wholesale of blacksmithing equipment and supplies for sanitary and heating installations;
NACE code 4685 - Wholesale of chemical products;
NACE code 4686 - Wholesale of other intermediate products;
NACE code 4687 - Wholesale of waste and scrap;
NACE code 4690 - Non-specialized wholesale;
NACE code 4712 - Non-specialized retail trade, with predominant sale of non-food products;
NACE code 4740 - Retail trade of computer and telecommunications equipment;
NACE code 4752 - Retail trade of blacksmiths, building materials, glass and painting articles;.
NACE code 4755 - Retail trade of furniture, lighting and other household articles n.e.c.;
NACE code 4782 - Retail trade of parts and accessories for motor vehicles;
NACE code 5819 - Other editing activities;
NACE code 5829 - Editing activities of other software products;
NACE code 6039 - Distribution activities of other contents;
NACE code 6110 - Telecommunications activities through cable, wireless and satellite networks;
NACE code 6190 - Other telecommunications activities;
NACE code 6210 - Custom software development activities (customer-oriented software);
NACE code 6220 - Information technology and management consultancy activities (management and exploitation of computing resources);
NACE code 6310 - Data processing, administration of web pages and related activities;
NACE code 6422 - Activities of the financing channels;
NACE code 6499 - Other financial intermediation n.e.c., excluding insurance and pension fund activities;
NACE code 6612 - Financial transaction intermediation activities;
NACE code 6811 - Purchase and sale of own real estate;
NACE code 6812 - Real estate development (promotion);
NACE code 7020 - Business and Management Consultancy Activity;
NACE code 7112 - Engineering activities and technical consultancy related to them;
NACE code 7120 - Technical testing and analysis activities;
NACE code 7210 - Research - development in natural sciences and engineering;
NACE code 7320 - Market study and public opinion polling activities;
NACE code 7711 - Rental and leasing activities with cars and light road vehicles;
NACE code 7739 - Rental and leasing activities with other machinery, equipment and tangible goods n.e.c.;
NACE code 8220 - Activities of telephone intermediation centers (call centers);
NACE code 8240 - Intermediation activities for services - support for enterprises n.e.c.;
NACE code 8425 - Fire fighting and fire prevention activities;
NACE code 9311 - Activities of sports facilities.

CHAPTER III

SHARE CAPITAL. SHARES

Art. 7 - Share capital

7.1. The share capital of S.C. Electromagnetica S.A. is RON 67,603,870.4, fully subscribed and paid-up, of which RON 66,282,631.26 in cash and RON 1,321,239.14 contribution in kind, divided into 676,038,704 registered shares in the amount of RON 0.10 per share.

Art. 8 Shares

8.1. The company's shares are registered and dematerialized, comprising all the elements provided by law.

8.2. The record of the shares and shareholders is kept according to the legal provisions by Depozitarul Central S.A. (Central Depository).

Art. 9 - Rights and obligations arising from shares.

9.1. Each share subscribed and paid by the shareholders, according to the law, gives them:

9.1.1. the right to a vote in the general meeting of shareholders;

9.1.2. the right to elect and to be elected to the governing bodies;

9.1.3. the right to participate in the distribution of profits, according to the decision of the General Shareholders' Meeting.

9.2. Holding a share constitutes acceptance of these Articles of Association.

9.3. The rights and obligations related to the shares follow the shares in case they pass into the property of other persons.

9.4. The obligations of the company are guaranteed by the Company's assets, and the shareholders are liable within the limit of the value of the shares they hold.

9.5. The assets of the company may not be encumbered by debts or other personal obligations of the shareholders. A creditor of a shareholder may make claims on the part of the profit of the company to be distributed to him by the general meeting of shareholders or on the share due to him in the liquidation of the company, carried out under the conditions of this Articles of Association.

9.6. Shareholders must exercise their rights in good faith, with respect for the rights and legitimate interests of the company and other shareholders.

Art. 10 – Transfer of shares

10.1. The shares are indivisible, the company recognizes only one owner for each share.

10.2. The partial or total assignment of shares between shareholders or third parties is made under the conditions and with the procedure provided by law.

10.3. The shares are negotiable and freely transferable. The trading of the shares is done on a regulated market in Romania, namely the Bucharest Stock Exchange.

Art. 11 - Loss of shareholder certificates

11.1. In case of loss of the deed attesting the ownership of some shares, in order to obtain the duplicate, the shareholder must follow the procedure provided by law.

CHAPTER IV
GENERAL MEETING OF SHAREHOLDERS

Art. 12 - Attribution

12.1. The general meeting of shareholders is the management body of the company in its entirety, which decides on its activity and on its economic and commercial policy.

12.2. The general meetings of shareholders are ordinary and extraordinary and will be held at the company's registered office and in the premises indicated in the notice of meeting.

12.3. The ordinary general meeting meets within the term set by the capital market and has the following obligations:

12.3.1. to discuss, approve or amend the annual financial statements, based on the reports submitted by the Board of Directors and the Financial Auditor and to fix the dividend;

12.3.2. to elect and dismiss the members of the board of directors, to fix the remuneration due for the current exercise of the directors, as well as of other rights

12.3.3. to appoint or dismiss the financial auditor and set the minimum duration of the financial audit contract;

12.3.4. to pronounce on the management of the board of directors;

12.3.5. to establish the revenue budget for the next financial year;

12.3.6. to establish the profit and loss participation of the company's administrators and staff;

12.3.7. to decide the action for liability against the financial administrators and auditors, with the majority provided by law, also designating the person in charge of exercising it;

12.3.8. to debate any other issue included in the agenda, within the competence of the General Meeting of Shareholders;

12.4. The Extraordinary General Meeting of Shareholders meets whenever it is necessary to take a decision for:

12.4.1. changing the legal form of the company;

12.4.2. relocation of the company's registered office;

12.4.3. changing the company's object of activity;

12.4.4. extension of the duration of the company;

12.4.5. increase of the share capital;

12.4.6. reduction of the share capital or its replenishment through the issuance of new shares;

12.4.7. merger with other companies or division of the company, including cross-border merger and cross-border division;

12.4.8. early dissolution of the company;

12.4.9. conversion of shares from one category to another;

12.4.10. conversion of a class of bonds into another class or shares;

12.4.11. bond issuance;

12.4.12. any other amendment to the articles of association or any other decision for which the approval of the extraordinary general meeting is required.

Art. 13 - Convening of the General Meeting of Shareholders

13.1. The General Meeting of Shareholders shall be convened by the Board of Directors, whenever necessary, the Chairman of the Board of Directors being mandated to carry out the formalities regarding the notice of meeting.

13.2. Ordinary general meetings shall be held at least once a year, within the time limit laid down by the capital law.

13.3. The general meetings shall be convened by the board of directors at the request of the shareholders representing individually or jointly, at least 5% of the share capital, as well as in other situations provided by law, within no more than 30 days and shall meet within no more than 60 days from the date of receipt of the request.

13.4. The general meeting will be convened by the administrators as many times as necessary, in accordance with the provisions of the articles of incorporation, at least 30 days before the established date.

13.5. The notice of meeting will be made in compliance with the procedure provided by the law, respectively the term of the meeting cannot be less than 30 days from the publication of the notice of meeting in the Official Gazette of Romania, part IV a. The notice shall also be published in one of the newspapers of wide circulation in the locality where the company's registered office is located or in the nearest locality, as well as on the company's website and the capital market.

13.6. The notice of meeting shall include the place and date of the meeting, as well as the agenda, with explicit mention of all the issues that will be the subject of the debates of the meeting. If the appointment of the directors appears on the agenda, the notice shall mention that the list containing information on the name, place of residence and professional qualification of the persons proposed for the position of director shall be available to the shareholders, and may be consulted and completed by them.

13.7. When proposals for amending the articles of association appear on the agenda, the notice of meeting will have to include the full text of the proposal, in compliance with the legislation on the capital market.

13.8. One or more shareholders representing, individually or jointly, at least 5% of the share capital, have the right to request the introduction of new items on the agenda. Applications shall be submitted to the Board of Directors, within 15 days from the publication of the notice, in order to publish and inform the shareholders.

13.9. The agenda, supplemented with the items proposed by the shareholders, after the notice of meeting, must be published in compliance with the requirements provided by law for convening the general meeting, at least 10 days before the general meeting, on the date mentioned in the initial convening notice.

13.10 The annual financial statements, the annual report of the board of directors, as well as the proposal regarding the distribution of dividends shall be made available to the shareholders of the company, from the date of the convening of the general meeting. Upon request, shareholders will be issued copies of these documents.

13.11. If the company has its own website, the notice of meeting and any other item added to the agenda at the request of the shareholders shall also be published on the website, for the free access of the shareholders.

13.12. Each shareholder may ask the board of directors written questions regarding the company's activity before the date of the general meeting, and will be answered at the meeting or by publishing it on the company's website, in the "frequently asked questions" section.

13.13. In the notice for the first General Meeting of Shareholders, the day and time for the second assembly will be fixed, when the first could not be held.

13.14. The Board of Directors will set a reference date for the shareholders entitled to vote at the general meeting, a date that will remain valid even if the general meeting is convened again due to the lack of a quorum, in compliance with the capital market legislation.

13.15 The conditions for the validity of the deliberations and decisions taken are those provided by law.

Art. 14 - Organization of the general meeting of shareholders

14.1. The representation of shareholders in the general meeting of shareholders may also be made by persons other than shareholders, based on a special or general power of attorney, in accordance with the legal regulations. Special powers of attorney will be available at the company's registered office and on the company's website.

14.2. Shareholders who do not have the capacity to exercise, as well as legal persons may be represented by their legal representatives who, in turn, may give other persons power of attorney for the respective general meeting.

14.3. The proxies shall be submitted in original 48 hours before the meeting, under penalty of losing the exercise of the right to vote in that meeting. The powers of attorney will be retained by the company, mentioning it in the minutes.

14.4. The ordinary and extraordinary general assemblies, respectively, are legally constituted and may take decisions under the conditions in which the specific legal provisions in force and other provisions of the articles of incorporation are observed.

14.5. The General Meeting of Shareholders is chaired by the Chairman of the Board of Directors, and, in his absence, by the person who takes his place, based on the power of attorney given by the Chairman.

14.6. The general meeting will choose from among the shareholders present, one to 3 secretaries, who will check the list

of the shareholders, indicating the share capital that each one presents, the minutes drawn up by the technical secretary for ascertaining the number of shares present and the fulfillment of all the formalities required by law and by the articles of incorporation for holding the general meeting.

14.7. The minutes of the meeting shall be written in a register of general meetings. The minutes will be signed by the person who presided over the meeting and by the secretary who prepared it. The minutes shall be attached to the documents relating to the notice of meeting and the attendance lists of the shareholders.

Art. 15 - Exercise of the right to vote in the general meeting of shareholders.

15.1. The decisions of the general assemblies are taken by open vote.

15.2. Only shareholders registered in the register of shareholders of the company on the reference date set by the board of directors at the time of convening the general meeting of shareholders will be entitled to participate in the meeting and to vote after proving their identity.

15.3. The secret ballot is mandatory for the appointment or dismissal of the members of the board of directors, for the appointment or dismissal of the financial auditor and for taking decisions on the the responsibility of the company's administrative, management and control bodies. The resolutions of the general meeting, within the limits of the law and of this Articles of Association, are binding even for the shareholders who did not take part in the general meeting or who voted against.

15.4. In order to be enforceable against third parties, the decisions of the general meeting of shareholders will be submitted within 15 days to the Trade Register Office to be mentioned in the register and published in the Official Gazette of Romania (part IV).

15.5. The members of the board of directors may not appeal the decision of the general meeting regarding the revocation of from their position.

15.6. Shareholders who have not voted in favor of a resolution of the general meeting have the right to withdraw from the company and request the purchase of their shares by the company, only if the resolution of the general meeting has as its object:

- a) change of the main object of activity;
- b) cross-border conversion of the Company;
- c) changing the form of the Company;
- d) merger or division of the Company, including cross-border;

The right of withdrawal can be exercised:

- a) within 30 days from the date of publication of the decision of the general meeting in the Official Gazette of Romania, Part IV, in the cases provided for in letters a) - c);
- b) from the date of adoption of the decision of the general meeting, in the case provided for in letter d).

The shareholders shall submit at the company's registered office, together with the written declaration of withdrawal, the shares they own, or, as the case may be, the shareholder certificate.

The price paid by the company to the shareholder who exercises his right of withdrawal will be established by an independent appraiser registered with A.S.F. in accordance with the valuation standards in force, according to the law. The expert is appointed by the delegated judge, at the request of the board of directors.

15.7. The company must establish for each decision at least the number of shares for which valid votes have been cast, the proportion of the share capital represented by those votes cast

"for" and "against">> each decision and, if applicable, the number of abstentions. Position of

"abstention">> adopted by a shareholder on the items on the agenda of a general meeting of the company's shareholders shall constitute a vote cast. The convening notice of the general meeting of shareholders shall include mentions regarding the qualification of the abstention position as a vote cast.

CHAPTER V
BOARD OF DIRECTORS

Art. 16 - Organization

161. The company is managed in a unitary system, by a Board of Directors composed of 5 directors, elected by the general meeting of shareholders, for a period of 4 years, with the possibility of be re-elected. The majority of the members of the Board of Directors are non-executive directors (who have not been appointed as directors).

162 The directors are appointed by the ordinary general meeting of shareholders, and may be re-elected. During the fulfillment of the mandates, the individual employment contracts of the administrators who have been appointed from among the company's employees will be suspended.

163 The members of the board of directors will conclude a professional liability insurance.

164. Candidates for the positions of directors are nominated by the current members of the board of directors or by the shareholders.

165 When a vacant seat is created on the Board of Directors, it shall be done in accordance with the legal provisions in force, the duration for which the new administrator is elected to fill the vacant seat shall be equal to the period remaining until the expiry of the mandate of his predecessor.

166 Persons who, according to the law, cannot perform this function, are incompatible with the quality of member of the Board of Directors.

167. The Board of Directors shall be headed by a President, elected by the members of the Board of Directors, who may also be Chief Executive Officer. The President shall be appointed for a term that may not exceed the term of office of his or her administrator. The President may be revoked at any time by the Board of Directors.

168 At the first meeting, the board of directors elects a president from among its members.

169 If the Chairman is temporarily unable to exercise his duties, during the respective state of impossibility, the Board of Directors shall appoint another Chairman to perform the function of Chairman.

16.10 The Board of Directors shall meet at the registered office of the company or in another place established by notice of meeting, the meeting being convened and conducted in compliance with the applicable legal provisions, as well as in accordance with the Internal Regulations of the Board of Directors. Participation in the meetings of the Board of Directors can also take place through remote means of communication: teleconference, videoconference, internet conference or intranet, etc.

The members of the Board of Directors may be represented at the meetings of the Board by other members on the basis of a power of attorney. A member of the Board of Directors may represent only one other member at a meeting. The power of attorney will be sent to the Secretariat before the start of the meeting. In emergency conditions or in the impossibility of the administrators' participation in the meeting, the Chairman of the Board may decide to hold the meeting and to transmit the vote by electronic means, according to the procedure established by the Internal Regulations of the Board of Directors.

The Board of Directors meets whenever necessary:

a) when summoned by the President,

b) at the reasoned request of at least 2 of the members of the board of

directors; The meeting of the Board of Directors is chaired by the President.

The President shall appoint by decision a secretary either from among the members of the Board of Directors or from outside it.

16.11. If the notice of meeting was made by the Chairman of the Board of Directors, he establishes the agenda, informs the members of the Board of Directors about the items on the agenda and chairs the meeting. If the notice of meeting was made according to art. 16.10. letter b), the agenda is established by the members of the Board of Directors who requested the meeting.

16.12 The decisions of the Board of Directors are valid if more than half of the the number of its members, and the decisions are taken with the vote of the majority of the members present who participate personally, by representation or by exercising the vote by correspondence. The Chairman of the Board of Directors will not have the decisive vote in case of parity of votes.

16.13 In exceptional cases, justified by the urgency of the situation and by the interest of the Company, the decisions of the Board of Directors may be taken by the unanimous vote expressed in writing of the members, without the need for a meeting of the Board of Directors.

16.14 The debates of the Board of Directors take place, according to the agenda established on the basis of the draft communicated by the President. These shall be recorded in the minutes of the meeting by the secretary of the Board of Directors. The minutes shall be signed by the administrators present at the meeting.

16.15 Directors and internal auditors may be summoned to any meeting of the board of directors, meetings in which they must attend. They do not have the right to vote, except for the directors who are also administrators.

16.16 The Board of Directors is responsible for carrying out all the necessary and useful acts for the achievement of the company's object of activity, except for those legally reserved for the general meeting of

shareholders.

1617. The Board of Directors delegates the management of the company to a number of directors established by the decision of the Board of Directors.

1618. The Board of Directors may revoke the directors at any time.

1619. The Board of Directors registers in the Trade Register the names of the persons empowered to represent the company, mentioning whether they act together or separately. They submit signature specimens to the Trade Register.

1620. The Board of Directors may delegate to one or more of its members some powers on limited issues and may have recourse to experts to study certain issues.

1621. The general manager represents the company in relation to third parties. The CEO may delegate the power of representation only to the staff with a management position, respectively directors.

1622. The Chairman of the Board of Directors shall make available to the shareholders and the financial auditor, at their request, extracts from the registers.

1623. Each member of the board of directors and directors must be insured from the point of view of professional liability, the insurance costs being borne by the company. The level and the amounts insured will be established by the annual budget.

1624. For the activity performed, the directors receive a fixed monthly remuneration approved by the General Shareholders' Meeting, as well as other rights established by the general meeting of shareholders. In case of unjust dismissal from the position of administrator, the revoked administrator is entitled to the payment of damages equal to two fixed monthly remunerations.

1625. The directors are jointly and severally liable to the company for:

16.25.1. the reality of the payments made by the associates;

16.25.2. the actual existence of the dividends paid;

16.25.3. the existence of the registers required by law and their correct keeping;

16.25.4. the exact fulfillment of the decisions of the general assemblies;

16.25.5. strict fulfillment of the duties that the law, the articles of incorporation impose.

Article 17 – Duties of the Board of Directors

17.1. The Board of Directors has the following main obligations:

17.1.1. appoints and dismisses the directors to whom the company's management duties have been delegated at the proposal of the general manager, establishing their rights, obligations and remuneration;

17.1.2. approves the organisational structure of the company.

17.1.3. approves the contracting of medium and long-term bank loans and other guarantees for them, pledges and mortgages for bank letters of guarantee, other similar operations within the limit established by the capital market legislation

17.1.4. is responsible for the execution of the revenue and expenditure budget by proposing its updating to the General Meeting of Shareholders

17.1.5. approves the incurrence of irrecoverable debts, justified increases, unforeseeable circumstances, force majeure, etc.;

17.1.6. approves sponsorship contracts;

17.1.7. approves restructuring, reorganization, modernization, development programs, etc.;

17.1.8. approves the scrapping of fixed assets of finished products, raw materials and materials available for justified reasons, as well as other goods, except those within the competence of the General Meeting of Shareholders;

17.1.9. approves the depreciation method;

17.1.10 approves the acts of acquisition, alienation, exchange or collateral of assets in the category of fixed assets of the company, including securities or other financial instruments, whose value exceeds, individually or cumulatively, when they are linked to each other, during a financial year, the amount of RON 2 million, but not more than 20% of the total fixed assets, except for receivables.

17.1.11 approves the negotiating mandate of the collective labour agreement;

17.1.12 analyzes and approves the lease contracts except those under the competence of the General Shareholders' Meeting;

17.1.13 periodically analyzes the state of implementation of the quality, environment, health and safety system and their effectiveness, approves, through its president, the plans for their improvement

17.1.14. submit annually to the general meeting of shareholders, within 4 months from the end of the financial year

financial statements, report on the company's activity, financial statements for the previous year, distribution of the net profit, as well as the draft activity program and the draft income and expenditure budget of the company for the current year

17.1.15 approves the guarantees and the manner of incorporation for the persons who have the quality of managers;

17.1.16 convenes the general meeting of shareholders whenever necessary;

17.1.17 solves any other problems established by the General Meeting of Shareholders provided by the legislation in force.

17.1.18 decides, within the limits established by the general meeting, whether the general manager, the directors and employees of the company can benefit from incentives.

17.1.19 approves the change of the company's object of activity, except for the main field and activity.

17.1.20 the establishment/dissolution of branches and other secondary offices, without legal personality, or the change of their registered office;

17.1.21 decides the establishment/dissolution of other companies or legal entities, including participation in the share capital of other companies, under the conditions provided by the legal regulations.

17.2. The attributions of the Board of Directors that cannot be delegated to the directors are:

- a) establishing the main directions of activity and development of the company;
- b) establishing the accounting and financial control system and approving the financial planning;
- c) appointment and dismissal of directors and determination of their remuneration;
- d) supervising the activity of the directors;
- e) preparing the annual report, organizing the general meeting of shareholders and implementing its decisions;
- f) The submission of the application for the opening of the company's insolvency procedure, according to Law no. 85/2006 on the insolvency procedure;
- g) any other duties received from the general meeting of shareholders,

17.3. The members of the board of directors are obliged to participate in the general meetings of shareholders

17.4. The Board of Directors must submit to the internal auditors and financial auditors, at least 30 days before the day set for the general meeting, the annual financial statement for the previous financial year, accompanied by their report and supporting documents.

CHAPTER VI **DIRECTORS**

18.1 The management of the unit is ensured by the directors, their number being established by the board of directors

18.2. The Board of Directors delegates the management of the company to one or more directors, based on mandate contracts, fixing their tasks and remunerations, appointing one of them as general manager. If the directors are appointed from among the company's employees, their individual employment contracts with the company are suspended for the duration of the mandate.

18.3. The Board of Directors may at any time revoke the persons appointed to the position of director. If the revocation occurs without just cause, the revoked director is entitled to the payment of damages equal to the amount of no more than two monthly remunerations.

18.4. The directors are liable to the company for the acts performed by the directors or by the staff employed, when the damage would not have occurred, if they had exercised the supervision imposed by the duties of their position;

18.5. Directors will have to notify the Board of Directors of all deviations found in the execution of their supervisory obligation;

18.6. The directors are responsible to the company and to third parties for the fulfillment of their duties, in accordance with the legal provisions;

18.7. Directors may delegate their mandate only with the approval of the Director-General;

18.8. The directors are responsible for taking all measures related to the management of the company, within the limits of the company's object of activity and for respecting the exclusive powers reserved by law or to the board of directors and the general meeting of shareholders.

18.9. The directors are responsible for taking all measures related to the management of the company, within the limits of the company's object of activity and for respecting the exclusive powers reserved by law or by the

articles of incorporation to the board of directors and the general meeting of shareholders.

18.10. The activity of the directors shall be determined by the Board of Directors on the basis of a decision.

18.11. The directors shall inform the Board of Directors on a regular and comprehensive basis of the operations undertaken and those envisaged, as well as of all irregularities found in the course of the performance of their obligations.

18.12. The remuneration of the members of the board of directors is established by decision of the general meeting of shareholders. The remuneration of the directors is set by the board of directors.

18.13. The Board of Directors may delegate to the directors the powers provided for in art. 17.1.4.

18.14. The company's staff is hired or dismissed by the general manager or his representative.

CHAPTER VII

THE COMPANY'S ACTIVITY

Art. 19 - Economic and financial year

19.1. The financial year begins on January 1 and ends on December 31 of each year. The first financial year begins on the date of incorporation of the company.

Art. 20 - Accounting records and balance sheet

20.1. The company will keep the accounting records in Romanian and in the national currency, according to the legislation in the field, will prepare the financial statements, taking into account the legislation in force.

20.2. The financial statements prepared according to the law shall be approved by the general meeting of shareholders and shall be published in the Official Gazette of Romania, in accordance with the law.

20.3. The distribution of the profit is approved by the general meeting of shareholders.

Art. 21 - Calculation and distribution of profit

21.1. The directors will be remunerated for the activity carried out, the monthly remuneration and other rights due to the directors will be established by decisions of the Ordinary General Meeting of Shareholders of the company. The remuneration of the directors consists of a fixed monthly allowance and a variable component. The general limits of the variable remuneration are established by resolutions of the ordinary general meeting of shareholders of the company. Variable remuneration can be granted both in cash and/or through the allocation of financial instruments and/or derivatives (shares, options granted under Stock Option Plan, etc.). The variable remuneration may be granted to the members of the Board of Directors, directors and employees of the company, according to the general limits approved by the General Meeting of Shareholders, subject to the achievement of the net profit indicator and the approval of the annual financial statements by the General Meeting of Shareholders. The fund for granting the variable remuneration for the achievement of the net profit performance indicator will be determined and recorded in the form of a provision, so that the achievement of the net profit established by the Income and Expenditure Budget is not jeopardized. The payment of the variable remuneration will be made after the approval of the annual financial statements. Within the instruments granted under Stock Option Plan programs for administrators and directors, the allocation criteria are established in accordance with the specific legislation, as well as with the provisions of the Articles of Association and of the management and mandate contracts, and for employees, the Board of Directors establishes the eligibility criteria of the SOP beneficiaries, the number of instruments to be granted to each category of beneficiaries, in accordance with the provisions of the specific incident legislation, as well as the mechanisms for implementing the SOP.

21.2. At least 5% of the company's profit will be taken every year for the formation of the reserve fund, until it reaches at least one fifth of the share capital. If the reserve fund, after its establishment, has decreased for any reason, it will be replenished, in compliance with the previous paragraph.

Also, the reserve fund, even if it has reached the amount provided for in the first paragraph, includes the surplus obtained by selling the shares at a rate higher than their nominal value, if this surplus is not used to pay the issuance expenses or intended for depreciation. In all cases, the conditions of participation will be established by the General Meeting of Shareholders, for each financial year.

Art. 22 - Company Registers

22.1. The company keeps the registers provided by law.

Art. 23 - Internal audit and financial audit

23.1. The company is audited by a financial auditor, the natural or legal person, under the conditions provided by the law.

23.2. The company will organize the internal audit according to the norms developed by the Chamber of Financial Auditors of Romania, the Board of Directors establishing the organization and functioning of the internal audit activity.

23.3. The financial auditors are elected by the ordinary general meeting of shareholders for a period of At least 1 year.

23.4. The financial auditor will bring to the attention of the members of the board of directors irregularities in the administration and violations of the legal provisions and provisions of the articles of association that he finds.

23.5. The financial auditor's report shall be submitted to the company's registered office within 15 days prior to the general meeting, in order to be consulted by the shareholders.

CHAPTER VIII **ASSOCIATION**

Art. 24 - Companies from the same sector of activity or from other sectors, from the country or abroad, may be associated with the commercial company, based on association contracts, concluded under the conditions provided by the law and by this Articles of Association.

Art. 25 - The association contracts shall be approved by the board of directors of the company, subject to confirmation by the extraordinary general meeting of shareholders.

Art. 26 - The conditions of partnership during the period of association, as well as those of withdrawal shall be expressly stipulated in the contracts, under the conditions of the law.

CHAPTER IX **MODIFICATION OF THE LEGAL FORM. DISSOLUTION. LIQUIDATION.** **LITIGATION**

Art. 27 - Modification of the legal form

27.1. The company may be transformed into another form of company by the decision of the general meeting of shareholders.

27.2. The Company will comply with the legal formalities of registration and publicity required by the legislation in force.

Art. 28 - Dissolution of the company

28.1. The following situations lead to the dissolution of the company:

28.1.1. impossibility of achieving the company's object of activity;

28.1.2. the decision of the general meeting;

28.1.3. bankruptcy;

28.1.4. loss of half of the share capital, after the reserve fund has been consumed, if the General Shareholders' Meeting does not decide to supplement the capital or reduce it to the remaining amount;

28.1.5. The number of shareholders is reduced below 2 for a period exceeding 9 months

28.1.6. in any other situations, based on the decision of the General Meeting of Shareholders, taken unanimously.

28.2. The dissolution of the company must be registered in the Trade Register and published in the Official Gazette.

Art. 29 - Liquidation of the commercial company

29.1. In case of dissolution, the company will be liquidated.

29.2. The liquidation of the commercial company and the distribution of the patrimony is made under the conditions and in compliance with the procedure provided by the law.

Art. 30 - Disputes

30.1. The disputes of the commercial company with Romanian or foreign natural or legal persons are within the competence of the common law courts of Romania.

Empowered
Daniela Cucu



ELECTROMAGNETICA S.A.

Board of Directors

EXCERPT FROM THE DECISION

of the Board of Directors of 27.06.2025

The Board of Directors of Electromagnetica S.A. with headquarters in Bucharest, Calea Rahovei 266-268, sector 5, registered with the Trade Register Office attached to the Bucharest Tribunal under no. J1991000019408, C.U.I. 414118, meeting in the meeting of June 27, 2025, attended by the members of the Board of Directors: Sorin – Iulian Cioacă, Cristina – Gabriela Gagea, Mihai Trifu, Mihai Zoescu and Daniela Cucu, the vote being electronic, based on the rights conferred by the law and its own Articles of Incorporation,

Decides:

.....

5.1 Approves the termination of the mandate contract of Mrs. Cucu Daniela – Adi, from the position of Executive Director (General Manager) starting with July 1, 2025, the last day of the mandate being June 30, 2025.

.....

Chairman of the Board of Directors

Daniela Cucu

To: The Board of Directors of Electromagnetica SA

Request to terminate the Executive Director mandate

I, the undersigned Robert Stefan Ion, appointed as executive director based on the meeting of the Board of Directors of Electromagnetica SA dated 30.08.2024, hereby request the termination of the mandate contract with the agreement of the parties starting from 14.02.2025.

Signature,
Stefan Robert Ion

Date
13.02.2025



ELECTROMAGNETICA S.A.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

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

and

according to the provisions of art.63 of Law 24/2017, Annex 15 to ASF Regulation no. 5/2018 and the BVB Code

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SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
ELECTROMAGNETICA S.A.

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of ELECTROMAGNETICA S.A. ("the Company"), with registered office in Bucharest, district 5, 266-268 Calea Rahovei, identified by unique tax registration code 414118, which comprise the statement of financial position as at 31 December 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.
2. The financial statements as at 31 December 2025 are identified as follows:
 - Net assets / Equity RON 319,530,643
 - Net loss for the financial year RON 10,728,051
3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, its financial performance and its cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards ("MoPF 2844/2016").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (herein after referred to as "the Regulation") and Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (herein after referred to as "the Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Romania, including the Regulation and the Law 162/2017. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key matters to be communicated in our report.

Other Information

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' report and the Remuneration report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements for the year ended 31 December 2025, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other responsibilities of reporting with respect to other information – Administrators' report

With respect to the Administrators' report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of MoPF 2844/2016.

On the sole basis of the procedures performed within the audit of the financial statements, in our opinion:

- a) the information included in the Administrators' report, for the financial year for which the financial statements have been prepared is consistent, in all material respects, with these financial statements;
- b) the Administrators' report has been prepared, in all material respects, in accordance with the provisions MoPF 2844/2016;

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the financial statements prepared as at 31 December 2025, we are required to report if we have identified a material misstatement of this Administrators' report. We have nothing to report in this regard.

Other reporting responsibilities with respect to other information – Remuneration report

With respect to the Remuneration report, we read it to determine if it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of Law 24/2017 regarding the issuers of financial instruments and market operations, republished. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with MoPF 2844/2016, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We were appointed by the General Meeting of Shareholders on 28 April 2025 to audit the financial statements of ELECTROMAGNETICA S.A. for the financial year ended 31 December 2025. The uninterrupted total duration of our commitment is 10 years, covering the financial years ended 31 December 2016 until 31 December 2025.

Report on the Information Regarding Income Tax

16. For the financial year preceding the financial year for which the financial statements were prepared, the Company was not required under MoPF 2844/2016, articles 602 - 606, to publish a report on income tax information.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.

- No non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Răzvan Ungureanu.

Report on compliance with Law no. 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements ("Law 162/2017"), and Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

17. We have undertaken a reasonable assurance engagement on the compliance with Law 162/2017, and Commission Delegated Regulation (EU) 2019/815 applicable to the financial statements included in the annual financial report of ELECTROMAGNETICA S.A. ("**the Company**") as presented in the digital files which contain the unique LEI code 254900MYW7D8IGEFRG38 ("**Digital Files**").

(I) Responsibilities of Management and Those Charged with Governance for the Digital Files prepared in compliance with ESEF

Management is responsible for preparing the Digital Files that comply with ESEF. This responsibility includes:

- the design, implementation and maintenance of internal controls relevant to the application of ESEF;
- ensuring consistency between the Digital Files and the financial statements to be submitted in accordance with Order 2844/2016.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(II) Auditor's Responsibilities for the Audit of the Digital Files

Our responsibility is to express a conclusion on whether the financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

Our firm applies International Standard on Quality Management 1 ("ISQM1"), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files with the audited financial statements of the Company to be submitted in accordance with Order 2844/2016;
- evaluating if the financial statements contained in the annual report have been prepared in a valid XHTML format.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the financial statements for the year ended 31 December 2025 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In our opinion, the financial statements for the year ended 31 December 2025 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the financial statements. Our opinion relating to the financial statements of the Company for the year ended 31 December 2025 is set out in the "Report on the audit of the financial statements" section above.

Răzvan Ungureanu, Audit Partner

For signature, please refer to the original Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under AF 4866

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under FA 25

The Mark Building, 84-98 and 100-102 Calea Griviței, 9th Floor, District 1
Bucharest, Romania
18 March 2026

ELECTROMAGNETICA S.A.
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in RON, unless otherwise specified)

	Note	Period of 12 months ended December 31 2025	Period of 12 months ended December 31 2024
Revenue	21	29,317,963	97,667,983
Investment income	6,9	-	5,820,666
Net result from the revaluation of investment property	6	(9,161,082)	-
Other net income and expenses	21	(704,028)	3,098,513
Variation in the inventory of finished products and production in progress		(1,443,584)	(2,447,031)
Expenses on raw materials and consumables	22	(4,172,770)	(56,028,654)
Employees benefits expenses	22,25	(9,442,162)	(25,297,143)
Depreciation and amortization expenses	22	(13,341,124)	(10,733,561)
Other expenses	22	(14,480,397)	(16,970,682)
Financial income	23	10,108,755	1,886,960
Financial expenses	23	(345,922)	(221,171)
Profit / (Loss) before tax		(13,664,351)	(3,224,120)
Corporate income tax	24	2,936,300	(4,183,024)
Profit / (Loss) for the period		(10,728,051)	(7,407,144)
Other comprehensive income:		(54,463,817)	46,381,897
Items that will not be reclassified to profit or loss:			
- Increases/(decreases) of the reserve from the revaluation of property, plant and equipment, net of tax		(54,463,817)	46,381,897
Total comprehensive income		(65,191,868)	38,974,753
Basic/diluted earnings per share	27	(0.0159)	(0.0110)

These separate financial statements have been approved to be issued by management at **March 18, 2026**:

GEORGE – ALIN ȘTEFAN
General Manager

MARIA GÂRZU
Chief Accountant

ELECTROMAGNETICA S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025
(all amounts are expressed in RON, unless otherwise specified)

	<u>Note</u>	<u>December 31 2025</u>	<u>December 31 2024</u>
ASSETS			
Non-current assets			
Property, plant and equipment	5	54,744,749	296,843,904
Investment property	6	170,145,830	18,780,265
Intangible assets	7	163,440	359,541
Investments in subsidiaries	9	732,008	842,008
Other non-current assets	10	2,851,070	4,512,037
Rights of use assets	8	2,320,925	1,329,540
Total non-current assets		<u>230,958,022</u>	<u>322,667,295</u>
Current assets			
Inventories	11	1,284,983	7,234,948
Trade receivables	12	6,566,025	12,924,372
Cash and cash equivalents	14	98,632,700	73,532,273
Deposits in banks	14	173,642	10,000,000
Other current assets	13	10,067,115	3,284,963
Assets classified as held for sale		-	841,296
Current income tax receivables	24	1,254,319	1,703,829
Total current assets		<u>117,978,784</u>	<u>109,521,681</u>
Total assets		<u>348,936,806</u>	<u>432,188,976</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	67,603,870	67,603,870
Reserves and other equity items	16	153,201,654	223,114,466
Retained earnings	17	98,725,119	94,004,175
Total equity		<u>319,530,643</u>	<u>384,722,511</u>
Long-term liabilities			
Trade and other payables	19	2,893,237	1,717,399
Deferred income tax liabilities	24	15,143,319	28,903,190
Lease liabilities	8	1,653,293	737,735
Total long-term liabilities		<u>19,689,849</u>	<u>31,358,324</u>
Current liabilities			
Trade and other payables	19	7,399,728	12,724,364
Provisions	18	1,411,452	2,511,532
Lease liabilities	8	905,134	872,245
Total current liabilities		<u>9,716,314</u>	<u>16,108,141</u>
Total liabilities		<u>29,406,163</u>	<u>47,466,465</u>
Total equity and liabilities		<u>348,936,806</u>	<u>432,188,976</u>

These separate financial statements have been approved to be issued by management at **March 18, 2026**:

GEORGE – ALIN ȘTEFAN
General Manager

MARIA GÂRZU
Chief Accountant

ELECTROMAGNETICA S.A.
SEPARATE STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in RON, unless otherwise specified)

	Period of 12 months ended December 31 2025	Period of 12 months ended December 31 2024
Profit/(loss) for the period	(10,728,051)	(7,407,144)
Adjustments for :		
Dividend income	-	(4,749,989)
Net movement of provisions and impairment adjustments for:		
- inventories	4,417,995	5,011,322
- receivables	(957,819)	(3,933,896)
- employee benefits	(183,171)	(71,460)
- provisions for warranties	(916,909)	1,177,556
Depreciation and amortization of non-current assets, including reversals	9,535,668	9,483,107
Income from subsidies	-	(3,920,652)
Revaluation of property, plant and equipment and investment property	12,966,538	179,777
Net gains on disposal of non-current assets	(1,262,746)	(1,128,569)
Loss on derecognition of property, plant and equipment	700,466	-
Interest expense	121,942	98,570
Interest income	(9,566,099)	(1,794,607)
Deferred tax expense (income)	(3,385,810)	4,183,024
Corporate income tax expense	449,510	-
Cash generated by operating activities before changes in working capital	1,191,514	(2,872,961)
Payments for deposits made over a period of more than 3 months	-	(10,000,000)
Receipts from deposits made over a period of more than 3 months	9,826,358	
(Increase)/decrease in inventories	1,531,970	6,468,919
(Increase)/decrease in receivables and other assets	7,194,981	28,352,700
Increase/(decrease) of liabilities	(1,294,276)	(10,668,960)
Corporate income tax paid	-	-
Net cash from operating activities	18,450,547	11,279,698
Cash flows from investment activities		
Purchase of tangibles assets	(129,008)	(1,326,401)
Proceeds from the sale of tangibles assets	3,504,595	33,585,014
Interest accrued	9,560,855	1,794,607
Dividends received	-	4,549,989
Net cash used in investment activities	12,936,442	38,603,209
Cash flows from financing activities		
Payments related to the guarantee of the share buyback plan	(5,000,000)	-
Repayment of lease liability	(1,157,767)	(1,350,768)
Interest paid	(121,942)	(98,570)
Dividends paid	(6,853)	(40,196)
Net cash used in financing activities	(6,286,562)	(1,489,534)
Net increase/(decrease) of cash and cash equivalents	25,100,427	48,393,373
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	98,632,700	73,532,273

These separate financial statements have been approved to be issued by management at **March 18, 2026**:

GEORGE – ALIN ȘTEFAN

General Manager

MARIA GÂRZU

Chief Accountant

The attached notes are an integral part of the separate financial statements.

ELECTROMAGNETICA S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in RON, unless otherwise specified)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Reserves from the revaluation of property, plant and equipment, net of deferred tax</u>	<u>Other elements</u>	<u>Legal reserves</u>	<u>Total equity</u>
Balance as of January 01, 2025	67,603,870	94,004,175	161,779,438	48,793,086	12,541,942	384,722,511
Comprehensive income for the financial year:						
Profit or loss for the financial year	-	(10,728,051)	-	-	-	(10,728,051)
Other comprehensive income:	-	15,448,995	(62,505,669)	(7,407,143)	-	(54,463,817)
Surplus / (decrease) net from revaluation of property, plant and equipment, net of deferred tax	-	-	(54,463,817)	-	-	(54,463,817)
Transfer of reserve from revaluation to retained earnings	-	8,041,852	(8,041,852)	-	-	-
Transfer of other reserves to deferred earnings	-	-	-	-	-	-
Coverage of accumulated losses from reserves	-	7,407,143	-	(7,407,143)	-	-
Total comprehensive income for the financial year:	-	4,720,944	(62,505,669)	(7,407,143)	-	(65,191,868)
Other elements	-	-	-	-	-	-
Balance as of December 31, 2025	67,603,870	98,725,119	99,273,769	41,385,943	12,541,942	319,530,643

These separate financial statements have been approved to be issued by management at **March 18, 2026**:

GEORGE – ALIN ȘTEFAN

General Manager

MARIA GÂRZU

Chief Accountant

The attached notes are an integral part of the separate financial statements.

ELECTROMAGNETICA S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025
(all amounts are expressed in RON, unless otherwise specified)

	Share capital	Retained earnings	Revaluation reserves of property, plant and equipment	Other elements	Legal reserves	Deferred tax recognised in reserves	Total equity
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
Comprehensive income for the financial year:							
Profit or loss for the financial year	-	(7,407,144)	-	-	-	-	(7,407,144)
Other comprehensive income:	-	38,375,958	46,631,581	(31,033,088)	-	(7,592,554)	46,381,897
Net surplus from revaluation of property, plant and equipment	-	-	55,118,967	-	-	-	55,118,967
Deferred tax result related to revaluation	-	-	-	-	-	(8,737,070)	(8,737,070)
Establishment of legal reserve and other reserves	-	-	-	-	-	-	-
Transfer of revaluation reserve to retained earnings as a result of depreciation and write-down of revalued property, plant and equipment	-	8,487,386	(8,487,386)	-	-	-	-
Transfer of tax related to reserve from revaluation to retained earnings	-	(1,144,516)	-	-	-	1,144,516	-
Coverage of accumulated losses from reserves	-	31,033,088	-	(31,033,088)	-	-	-
Total comprehensive income for the financial year:	-	30,968,814	46,631,581	(31,033,088)	-	(7,592,554)	38,974,753
Other elements	-	-	-	-	-	-	-
Balance as of December 31, 2024	67,603,870	94,004,175	192,672,045	48,793,086	12,541,942	(30,892,607)	384,722,511

These separate financial statements have been approved to be issued by management at March 18, 2026:

GEORGE – ALIN ȘTEFAN

General Manager

MARIA GÂRZU

Chief Accountant

The attached notes are an integral part of the separate financial statements.

ELECTROMAGNETICA S.A.
EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(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 duration, which is organized and operates according to its Articles of Association and based on Law no. 31/1991 as well as Law no. 24/2017 on issuers of financial instruments and market operations and Regulation no. 5/2018 on issuers of financial instruments and market operations.

The company has its registered office in Bucharest, Calea Rahovei nr. 266-268, sector 5, Bucharest, Romania, postal code 64021, telephone 021.404.21.01, 021.404.21.02, fax 021.404.21.95, website www.electromagnetica.ro, unique registration code RO 414118, registration number with the Trade Register 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).

In 2025, the company operated in several areas, such as the rental of office space, industrial spaces and land (main activity), LED lighting systems, charging stations for electric cars, metal and plastic subassemblies and equipment for rail traffic safety.

Electromagnetica S.A. is listed on the Bucharest Stock Exchange (symbol ELMA). Share price evolution was as follows:

	<u>2025</u>	<u>2024</u>
- Minimum price	0.2020	0.1940
- Maximum price	0.2620	0.2600
- Average price	0.2270	0.2157

The evolution of the average number of employees of Electromagnetica S.A. was as follows:

	<u>2025</u>	<u>2024</u>
Average number of employees	60	211

These separate financial statements have been approved to be issued by management at **March 18, 2026**.

2. BASICS OF PREPARATION

Declaration of conformity

The Company's separate 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 December 31, 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 company also prepares consolidated financial statements, as it has investments in subsidiaries.

ELECTROMAGNETICA S.A.
EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in RON, unless otherwise specified)

2. BASICS OF PREPARATION (continued)

Declaration of conformity (continued)

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

December 31, 2025

Subsidiary name	Number of shares	Ownership and voting rights (%)	Value
Procetel S.A.	42,483	96.548%	732,008
TOTAL			732,008

December 31, 2024

Subsidiary name	Number of shares	Ownership 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

*these companies were liquidated and deregistered in 2025

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

Going concern principle

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

Basis of preparation

The separate financial statements are prepared on the basis of the fair value convention for property, plant and equipment (land and buildings) and investment property. Other financial assets and liabilities, as well as non-financial assets and liabilities, are presented at amortised cost or historical cost.

Functional and presentation currency

These separate 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. Monetary assets and liabilities recorded in foreign currencies at the date of preparation of the 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 in 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.

Exchange differences are shown in statement of profit or loss.

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

	December 31 2025	December 31 2024
Closing EUR exchange rate	5.0985	4.9741
Closing USD exchange rate	4.3417	4.7768

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2. BASICS OF PREPARATION (continued)

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 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 property, plant and equipment, estimating the useful life of property, plant and equipment, adjusting for the impairment of receivables and inventories, for provisions, for the recognition of deferred tax claims.

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.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Amendments to the IFRS accounting standard, which are in force for the current year

This year, the Group has applied amendments to IAS 21 "Lack of convertibility" issued by the International Accounting Standards Board (IASB) that are mandatory for reporting periods on or after January 1, 2025. The adoption of these amendments did not have a significant impact on the information to be provided or on the amounts reported in these financial statements.

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.

Accounting Standard	Title	Effective date set by the IASB
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and valuation of financial instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts that refer to electricity dependent on natural conditions	January 1, 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

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 the IFRS accounting standards adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, which have not been adopted by the EU at the date of authorisation of these financial statements.

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

Accounting Standard	Title	Status of EU adoption
IFRS 18	Disclosures and Disclosures in Financial Statements (IASB Effective Date: January 1, 2027)	Not yet adopted by the EU
IFRS 19 as amended	Non-public liability subsidiaries: information to be provided (effective date set by the IASB: January 1, 2027)	Not yet adopted by the EU
Amendments to IAS 21	Transition to a hyperinflationary presentation currency (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 by the IASB: 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.

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 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.

BRIEF DESCRIPTION OF NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

- **IFRS 18 Presentation and Disclosures in Financial Statements** issued by the IASB on April 9, 2024 will replace IAS 1 Presentation of Financial Statements. The standard introduces three sets of new requirements for companies to improve their financial performance reporting and to give investors a better basis for analysing and comparing companies. The main changes in the new standard compared to IAS 1 relate to: (a) the introduction of categories (operating, investment, financing, corporate income tax and discontinued transactions) and sub-totals defined in the statement of profit or loss; (b) introducing requirements to improve aggregations and disaggregations; (c) the introduction of information on Performance Measures Determined by Management (MPCs) in the notes to the financial statements.
- **IFRS 19 Non-Public Liability Subsidiaries : Disclosures to Be Provided** issued by the IASB on May 9, 2024 and amended by the IASB on August 21, 2025. The standard allows subsidiaries to provide restricted information when applying IFRS Accounting Standards in financial statements. IFRS 19 is optional for eligible subsidiaries and sets out disclosure requirements for subsidiaries that choose to apply it.
- **Amendments to IAS 21 Effects of Foreign Exchange Rate Changes – Lack of Convertibility** issued by the IASB on August 15, 2023. The amendments contain guidance for entities to indicate when a currency is convertible and how to determine the exchange rate when it is not convertible.
- **Amendments to IAS 21 Effects of Exchange Rate Changes: Transition to a Hyperinflationary Presentation Currency** issued by the IASB on November 13, 2025. The amendments clarify how companies need to move from a non-hyperinflationary currency to a hyperinflationary currency in their financial statements.
- **Amendments to IFRS 9 and IFRS 7 - Amendments to the classification and measurement of financial instruments** issued by the IASB on May 30, 2024. The amendments clarify the classification of financial assets that have environmental, social, corporate governance (ESG) and similar characteristics. The amendments also clarify the date on which a financial asset or liability is derecognised and introduce additional disclosure requirements with respect to investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have contingent characteristics.

The attached notes are an integral part of the separate financial statements.

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

- **Amendments to IFRS 9 and IFRS 7 – Contracts Relating to Electricity Dependent on Natural** Conditions issued by the IASB on 18 December 2024. The own use requirements in IFRS 9 are amended to include factors that an entity must take into account when applying IFRS 9:2.4 to contracts for the purchase and supply of renewable electricity for which the source of electricity generation depends on natural conditions. The hedging accounting provisions of IFRS 9 are amended to allow an entity applying for a renewable electricity contract that is dependent on natural conditions specified as a hedging element to designate a variable volume of projected electricity transactions as the hedged instrument if certain criteria are met and to measure the hedged using the same volume assumptions as those used for the hedging element. The amendments to IFRS 7 and IFRS 19 will introduce disclosure requirements on electricity contracts dependent on natural conditions with certain specified characteristics.
- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 – Annual Improvements to IFRS Accounting Standards – Volume 11** issued by the IASB on July 18, 2024. These amendments include clarifications, simplifications, corrections and amendments in the following areas: (a) the hedging accounting adopted by an entity adopting the standards for the first time (IFRS 1); (b) the gain or loss on disposal (IFRS 7); (c) the presentation of the deferred difference between fair value and the trading price (IFRS 7); (d) the introduction and presentation of credit risk information (IFRS 7); (e) the removal of leasing liabilities from the register by the lessee (IFRS 9); (f) the trading price (IFRS 9); (g) the establishment of a 'de facto representative' (IFRS 10); (h) the cost-based method (IAS 7).
- **IFRS 14 Deferral Accounts for Regulated Activities** issued by the IASB on January 30, 2014. The purpose of this standard is to allow entities that are adopting IFRS for the first time, and that are currently recognising deferral accounts related to regulated activities under previous generally accepted accounting policies, to continue to do so when they transition to IFRS.
- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures- Sale of or contribution of assets between an investor and its associates or joint ventures**, issued by the IASB on September 11, 2014. The amendments resolve the contradiction between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, gains or losses are recognised when the assets sold or contributed represent an undertaking.

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 realise the asset, or intends to sell or use during the normal operating cycle;
- is held primarily for the purpose of trading;
- expect to re 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 (property, plant and equipment).

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

4.1. Significant accounting policies (continued)

Short-term versus long-term classification of assets and liabilities (continued)

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 in turn would 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.

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:

- Level 1 inputs – 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 inputs – 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 inputs – 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 investment property, property, plant and equipment where the fair value model is adopted.

External appraisers are involved in the valuation of property, plant and equipment and investment property. 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.

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

4.1. Significant accounting policies (continued)

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. refund liability; 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 refund liability.

The Company 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 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. 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 Company's main income-generating activities are presented.

Income from other sources

Income from other sources includes income from commodity transactions 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 or loss statement on a straight-line basis, during the duration of the lease.

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

4.1. Significant accounting policies (continued)

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 a corresponding lease 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 (below 24,500 RON).

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 liability

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.

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 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*.

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

4.1. Significant accounting policies (continued)

Leasing (continued)

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; or
- 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.

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	Amortization period (years)
Spaces	1-5
Vehicles	3-5

The company as lessor

The company concludes lease agreements as lessor for the spaces in the buildings registered both as property, plant and equipment and as investment property.

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 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.

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

4.1. Significant accounting policies (continued)

Borrowing costs (continued)

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

Interest expenses are recorded using the effective interest method.

During the year ended December 31, 2025 and December 31, 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 or loss statement 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 or loss statement 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).

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 or loss statement 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 by 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 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.

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.

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

4.1. Significant accounting policies (continued)

Taxation (continued)

Current and deferred tax

Current and deferred tax are recognised in the Statement of Profit or 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*.

Property, plant and equipment

Property, plant and equipment are represented by land, buildings, technological equipment, appliances and installations, vehicles and others, initially recognized at the cost of acquisition or production.

The cost of the purchased property, plant and equipment 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 property, plant and equipment.

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.

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

Property, plant and equipment 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.

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

4.1. Significant accounting policies (continued)

Property, plant and equipment (continued)

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

Property, plant and equipment	Duration (years)
Buildings	20 - 100
Technological equipments	5 - 12
Measuring, controlling and regulating apparatus and installations	3 - 8
Vehicles	4 - 8
Furniture, office equipment, equipment for the protection of human values and materials	8 - 15

An item of property, plant and equipment 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 or Loss at the date of recognition.

Investment property

The Company's investment property 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, investment property are recognised in the fair value financial statements. Investment property 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 property, plant and equipment 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.

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;

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

4.1. Significant accounting policies (continued)

Intangible assets (continued)

- 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 or loss statement 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 or loss statement when the asset is derecognised.

Impairment of tangible and intangible assets

To determine whether a property, plant and equipment 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 property, plant and equipment, 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 or Loss* under *Depreciation and amortization of property, plant and equipment*.

If the reasons for the impairment are no longer applicable at a later period, an impairment reversal is recognised in the *Statement of Profit or 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. The costs of capital repair activities for micro-hydropower plants have also been capitalised.

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 or loss statement.

Advance 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 property, plant and equipment.

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 and guarantees. 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 or 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 3 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 expected credit loss will be recorded as a gain or loss in the profit or loss statement. 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 property, plant and equipment.

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.

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 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 liabilities

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 derivatives.

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

4.1. Significant accounting policies (continued)

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 or loss statement over the useful life of the assets to which they relate.

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 - Operating 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 2025, the Company 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.

The attached notes are an integral part of the separate financial statements.

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

4.1. Significant accounting policies (continued)

Dividend

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.

4.2 Accounting judgments, estimates and assumptions

The separate financial statements have been prepared on the basis of historical cost, with the exception of property, plant and equipment and investment property 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 related to the current period is recognized as income or expense 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 property, plant and equipment, 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 investment property 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 or loss statement.

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 EQUIPMENT

Cost	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Technological equipment and vehicles</u>	<u>Other property, plant and equipment</u>	<u>Property, plant and equipment in progress</u>	<u>Total</u>
As of December 31, 2024	167,704,856	121,054,133	11,301,223	2,046,494	1,301,684	303,408,390
Inputs	133,202	599,423	124,063	64,170	59,251	980,109
- of which: revaluation	133,202	59,632	-	-	-	192,834
- of which: transfers	-	539,791	72,751	31,886	-	644,428
Outputs	(120,577,646)	(119,270,622)	(932,463)	(132,764)	(1,358,435)	(242,271,930)
- from the revaluation	(15,956,801)	(59,748,649)	-	-	-	(75,705,450)
- from transfer to investment property	(101,004,674)	(59,521,973)	-	-	-	(160,526,647)
- from transfers	-	-	-	-	(644,428)	(644,428)
As of December 31, 2025	47,260,412	2,382,934	10,492,823	1,977,900	2,500	62,116,569
Accumulated depreciation						
As of December 31, 2024	-	-	(4,052,151)	(388,540)	-	(4,440,691)
Depreciation of the year	(59,468)	(6,809,816)	(2,023,699)	(298,377)	-	(9,191,360)
Cumulative depreciation of outputs	59,468	6,809,816	616,683	50,538	-	7,536,505
- as a result of which the net value is determined	59,468	6,809,816	-	-	-	6,869,284
As of December 31, 2025	-	-	(5,459,167)	(636,379)	-	(6,095,546)
Impairment 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	-	-	847,521	-	-	847,521
As of December 31, 2025	-	-	(1,276,274)	-	-	(1,276,274)
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 December 31, 2025	47,260,412	2,382,934	3,757,382	1,341,521	2,500	54,744,749

The attached notes are an integral part of the separate financial statements.

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EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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5. PROPERTY, PLANT AND EQUIPMENT (continued)

Cost	Land and land improvements	Buildings	Technological equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Total
As of December 31, 2023	156,573,521	113,954,255	15,279,743	2,296,217	1,304,896	289,408,632
Inputs	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
Accumulated 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 - as a result of which the net value is determined	59,468	5,511,769	646,419	194,181	-	6,411,837
As of December 31, 2024	-	-	(4,052,151)	(388,540)	-	(4,440,691)
Impairment 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

The attached notes are an integral part of the separate financial statements.

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

As of December 31, 2025, property, plant and equipment decreased by 82% compared with December 31, 2024. This decrease is mainly due to the reclassification from property, plant and equipment to investment property and the revaluation of the Company's assets.

For most buildings, the remaining useful life is between 26-69 years.

Fair value of property, plant and equipment

The Company's property, plant and equipment are represented by land and buildings, machinery and equipment and furniture.

The land, buildings and special constructions were assessed on 31 December 2025. The re-evaluation was carried out by an authorized appraiser, namely Darian DRS SA, a corporate member of ANEVAR.

Regarding the evaluation basis:

1. IAS 16 measurements – (property, plant and equipment, property, plant and equipment held for the purpose of producing or supplying goods and services or for administrative purposes) – when an entity adopts the fair value revaluation option under IAS 16, the assets are included in the balance sheet at fair value as follows:
 - a. The fair value of land and buildings is usually determined on the basis of market information by valuation normally carried out by professionally qualified valuers. The fair value of property, plant and equipment is usually the market value determined by valuation.
 - b. If market information on the fair value of a specialised item of property, plant and equipment is not available and the item is rarely traded unless it is part of continuing business, an entity shall estimate the fair value of the specialised asset using the income approach or the net replacement cost approach.

The IVSC considers that a qualified valuer must report the market value of the asset when carrying out a valuation for this purpose.

2. IAS 40 – Investment Property Valuation – (real estate held for the purpose of renting out or increasing the value of capital) – where an entity chooses the fair value model for real estate investment accounting, the IVSC considers that the requirements of this model are met by the valuer in adopting the market value.

Thus, the Company's property, plant and equipment were classified as tangible property, plant and equipment held for the purpose of producing or providing goods and services or for administrative purposes: land, buildings, special constructions owned by the Company related to the locations, owned and operated by the Company.

The approaches applied in estimating the fair value of real estate were:

- Market approach – the method of direct comparisons for estimating the market value of land as well as residential properties (apartments). In the case of the site in Calea Rahovei, the subdivision and development method was applied in the market approach, given its size.
- the cost approach, respectively the net replacement cost method for estimating the value of buildings. The results obtained under this method have been tested for impairment.
- the income approach for estimating the market value of the properties located in Calea Rahovei, Vârteju Location, Veseliei Location, in order to test the depreciation. From the market value obtained for each property, the market value of the land was subtracted, and the difference was allocated to buildings.

Following the application of the income approach for testing the external depreciation, to be applied within the cost approach, for the site in Calea Rahovei it emerged that there is an external depreciation of 46.75%.

The unobservable variables used in the revenue approach applied to test the existence of external impairment in the application of the net replacement cost method are as follows:

- For offices – average monthly market rent (8.89 EUR/m²), occupancy rate (65%). A potential increase in these variables would cause the fair value of properties to increase, implying an even greater difference between the value of the property estimated by the revenue approach and the estimated value by the cost approach;
- Capitalization rate used in the property valuation model (for offices 10%) – a potential increase in this variable will generate a decrease in the fair value of the property estimated by the revenue approach and the estimated value by the cost approach.

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value of property, plant and equipment (continued)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Fair value at December 31 2025
Land and land improvements	-	-	47,260,412	47,260,412
Buildings	-	-	2,382,934	2,382,934

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Fair value at December 31 2024
Land and land improvements	-	-	167,704,856	167,704,856
Buildings	-	-	121,054,133	121,054,133

There were no transfers between fair value levels in both 2025 and 2024.

During the financial year 2025, the Company reclassified certain real estate properties from the category of property, plant and equipment to the category of investment property, following the cessation of their use for its own purposes and the change of destination for rental. The reclassification was carried out in accordance with IAS 40 "Investment Property" as the assets no longer meet the recognition criteria set out in IAS 16 "Property, Plant and Equipment" and are not held for sale under IFRS 5.

In the case of properties that include a part that is held for rent or for the purpose of increasing value and another part that is held for administrative purposes, only those properties for which the part used for administrative purposes is insignificant have been transferred.

At the date of the transfer, the properties were measured at fair value, with differences between carrying amount and fair value being treated as a revaluation in accordance with IAS 16. The existing revaluation reserve was maintained in equity, to be transferred to the retained profit at the time of disposal of the assets, without impact on the statement of profit or loss.

The reclassification was carried out on December 31, 2025, and the value of the reclassification was RON 160,526,647.

As of December 31, 2025, the revaluation decreases recorded totaled RON 75,705,450, while the revaluation surpluses amounted to RON 192,834. Revaluation decreases and surpluses were recognised either in the statement of profit or loss or in other comprehensive income, depending on the existence of a revaluation buffer on those assets.

The net book value of the buildings used for own purposes by the Company (both for administrative purposes and for other activities) is RON 2,382,934 (2024: RON 121,054,133).

Impairment of property, plant and equipment

As of 31 December 2025, the Company continues to record in its balance an impairment adjustment for technological equipment and vehicles amounting to RON 1,276,274, recognized in previous years as a result of the loss in value generated by the slowdown in production activity..

6. INVESTMENT PROPERTY

The company owns buildings used entirely for rent. 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 property. For the presentation of investment property in the financial statements, the Company has chosen the fair value model.

The evaluation on December 31, 2025 was carried out by Darian DRS, independent evaluator authorized by ANEVAR. Darian DRS is a company specialized in the valuation of these types of investment property and the valuation model used is in accordance with International Valuation Standards.

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6. INVESTMENT PROPERTY (continued)

As of December 31, 2025, investment property were as follows:

	<u>2025</u>	<u>2024</u>
Initial balance	18,780,265	17,709,588
Entries of which:	160,526,647	1,070,677
- fair value measurement	-	1,070,677
- Transfers	160,526,647	-
Outputs of which:	9,161,082	-
- fair value measurement	9,161,082	-
Final balance	170,145,830	18,780,265

The income related to investment property obtained in 2025 is worth RON 4,136,353 (2024: RON 5,284,428) and covers the expenses incurred by the owner.

Entries are represented by the reclassification of property, plant and equipment into investment property, while decreases are represented by the revaluation of investment property.

In 2025, the revaluation of investment property generated a negative net result, respectively an expense of RON 9,161,082, compared to 2024, when a positive net result (income) of RON 1,070,677 was recorded. In the 2024 financial year, the positive revaluation result was recognised in the "Investment income" category.

There are no restrictions imposed on the degree of realization of investment property or on the transfer of income and proceeds from the transfer.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value at December 31 2025</u>
Investment property	-	-	170,145,830	170,145,830
	<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

The approaches applied in estimating the fair value of investment property were:

- Market approach – the method of direct comparisons for estimating the market value of land as well as residential properties (apartments). In the case of the site in Calea Rahovei, the method by subdivision and development was applied in the market approach, given its size.
- the cost approach, respectively the net replacement cost method for estimating the value of buildings. The results obtained under this method have been tested for depreciation.
- the income approach for estimating the market value of the properties located in Calea Rahovei, Vârteju Location, Veseliei Location, in order to test the depreciation. From the market value obtained for each property, the market value of the land was subtracted, and the difference was allocated to buildings.

The observable variables used are:

- Market rental rates, occupancy rates, and landlord costs – the increase in the variables considered will cause an increase in the fair value of investment property.

The unobservable variables are:

- Capitalization rates (10%) used in investment property valuation models – increasing capitalization rates will cause a decrease in the fair value of investment property.

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7. INTANGIBLE ASSETS

Intangible assets include software, licenses and other software applications. They are amortised using the straight-line 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 December 31, 2025 is presented as follows:

	Concessions, patents, licenses	Other intangible assets	Total
Cost			
As of December 31, 2024	1,181,039	3,375,713	4,556,752
Inputs	-	-	-
Outputs	(3,398)	(13,058)	(16,456)
As of December 31, 2025	1,177,641	3,362,655	4,540,296
Accumulated amortization			
As of December 31, 2024	(1,180,885)	(3,016,326)	(4,197,211)
Amortization of the year	(71)	(196,030)	(196,101)
Cumulative amortization on outflows	3,398	13,058	16,456
As of December 31, 2025	(1,177,558)	(3,199,298)	(4,376,856)
Net book value			
As of December 31, 2024	154	359,387	359,541
As of December 31, 2025	83	163,357	163,440
Cost			
As of December 31, 2023	1,231,660	3,395,731	4,627,392
Inputs	213	-	213
Outputs	(50,834)	(20,018)	(70,852)
As of December 31, 2024	1,181,039	3,375,713	4,556,753
Accumulated amortization			
As of December 31, 2023	(1,220,766)	(2,840,315)	(4,061,082)
Amortization of the year	(10,953)	(196,029)	(206,982)
Cumulative amortization on outflows	50,834	20,018	70,852
As of December 31, 2024	(1,180,885)	(3,016,326)	(4,197,211)
Net book value			
As of December 31, 2023	10,894	555,417	566,310
As of December 31, 2024	154	359,387	359,541

The attached notes are an integral part of the separate financial statements.

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8. RIGHTS OF USE ASSETS

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost			
As of December 31, 2024	3,155,047	111,983	3,267,030
Additions	2,114,969	-	2,114,969
Disposals	(1,838,760)	(111,983)	(1,950,743)
As of December 31, 2025	3,431,256	-	3,431,256
Accumulated depreciation			
As of December 31, 2024	(1,853,504)	(83,986)	(1,937,490)
Depreciation of the year	(986,396)	(9,332)	(995,728)
Cumulative depreciation of outputs	1,729,569	93,318	1,822,887
As of December 31, 2025	(1,110,331)	-	(1,110,331)
Net book value			
As of December 31, 2024	1,301,543	27,997	1,329,540
As of December 31, 2025	2,320,925	-	2,320,925

The following amounts were recognised in the profit or loss statement:

	<u>2025</u>	<u>2024</u>
Depreciation expense related to rights of use of leased assets	995,728	1,147,069
Interest on lease liabilities	99,771	98,570
Expenditure related to low-value leases	148,830	100,650
Total amounts recognised in the profit or loss statement	1,244,329	1,346,289

As of December 31, 2025, the lease liabilities are worth RON 2,558,427, of which short-term liabilities are worth RON 905,134 and long-term liabilities are worth RON 1,653,293.

As of December 31, 2024, the value of lease liabilities was RON 1,609,980 (RON 872,245 short-term and RON 737,735 long-term).

9. INVESTMENTS IN SUBSIDIARIES

As of December 31, 2025, investments held in subsidiaries in the amount of RON 732,008 are presented at cost.

The investment held by the Company is not listed on a capital market. It is valued at cost and is tested annually for impairment. In order to determine the existence of indicators of impairment, 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 subsidiaries, technological changes and operational and financing cash flows.

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9. INVESTMENTS IN SUBSIDIARIES (continued)

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

December 31, 2025

Subsidiary name	Number of shares	Ownership and voting rights (%)	Value
Procetel S.A.	42,483	96.548%	732,008
TOTAL			732,008

December 31, 2024

Subsidiary name	Number of shares	Ownership 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 shareholder of Electromagnetica Prestserv S.R.L. and Electromagnetica Fire S.R.L. has 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.

At the General Meeting of Shareholders of Procetel S.A. held on 18.11.2024, the dissolution of Procetel S.A. was approved, the date of dissolution being set at 30 days from the publication of the Decision of the General Shareholders' Meeting in the Official Gazette. As of 31.12.2025, the trial was ongoing.

In the financial year 2024, the Company recorded dividend income in the amount of RON 4,749,989, related to the stakes held in the subsidiaries Electromagnetica Prestserv S.R.L., Electromagnetica Fire S.R.L. and Procetel S.A. In 2025, no dividend income was recorded.

10. OTHER NON-CURRENT ASSETS

	December 31 2025	December 31 2024
Performance guarantees granted to customers	2,772,986	3,623,534
Long-term staggered trade receivables	69,492	1,062,243
Impairment adjustments for long-term staggered trade receivables	(3,271)	(185,243)
Other long-term non-current assets	11,863	11,503
Total	2,851,070	4,512,037

The attached notes are an integral part of the separate financial statements.

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11. INVENTORIES

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Raw materials	6,478,549	6,564,941
Consumables	1,511,037	1,615,365
Finished products	10,987,958	11,924,376
Products in progress	60,889	563,646
Other inventories	994,782	896,857
Minus inventory impairment allowances	<u>(18,748,232)</u>	<u>(14,330,237)</u>
Total	<u>1,284,983</u>	<u>7,234,948</u>

Other inventories contain inventory items, finished products or materials in third-party custody and packaging.

The movement in the inventory impairment adjustments is as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the period	<u>(14,330,237)</u>	<u>(9,318,915)</u>
Impairment allowances (expense)	(4,526,834)	(5,011,322)
Reversal of impairment	<u>108,839</u>	<u>-</u>
Balance at the end of the period	<u>(18,748,232)</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

	<u>December 31 2025</u>	<u>December 31 2024</u>
Trade receivables	16,065,770	22,798,486
Minus impairment adjustments trade receivables	<u>(9,499,745)</u>	<u>(9,874,114)</u>
Total	<u>6,566,025</u>	<u>12,924,372</u>

The decrease in trade receivables as of December 31, 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 28.

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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>2025</u>	<u>2024</u>
Balance at the beginning of the period	(9,874,114)	(13,808,010)
Allowance for impairment (expense)	(2,620,674)	(1,812,898)
Reversal of allowance for impairment	2,995,043	5,746,794
Balance at the end of the period	(9,499,745)	(9,874,114)

13. OTHER CURRENT ASSETS

	<u>December 31 2025</u>	<u>December 31 2024</u>
Other receivables	63,917	2,548
Prepaid expenses	110,750	253,763
Advances to suppliers	90,031	89,593
The claim related to the expropriation of the land	1,416,422	1,486,948
Claim from the sale of land	3,001,290	-
VAT receivable	-	696,944
Guarantee related to the share buyback plan	5,000,000	-
Other current assets	384,705	755,167
Total	10,067,115	3,284,963

The *Prepaid expenses* category in the amount of RON 110,750 represents mainly prepayments related to insurance premiums for insurance and various subscriptions.

Other *current assets* mainly include amounts to be recovered from the health insurance fund in the amount of RON 334,748.

14. CASH AND CASH EQUIVALENTS

	<u>December 31 2025</u>	<u>December 31 2024</u>
Cash on hand	37,369	10,922
Cash in banks	98,595,331	73,521,351
Total	98,632,700	73,532,273

The company has no cash restricted on December 31, 2025 and December 31, 2024. Cash in banks includes short-term deposits short-term deposits, their value as of December 31, 2025 is RON 98,033,034 (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. It was presented in the Separate Statement of Financial Position, under "Deposits in banks", being a deposit with an investment period of more than 3 months. The balance of this collateral deposit as of December 31, 2025 is RON 173,642.

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15. SHARE CAPITAL

The subscribed and paid-up share capital is in the amount of RON 67,603,870, composed of 676,038,704 shares with a nominal value of RON 0.10/share, fully paid-up.

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

Shareholder	December 31, 2025		December 31, 2024	
	No. of Shares	%	No. of Shares	%
INFINITY CAPITAL INVESTMENTS S.A.	444,329,974	65.7255	442,465,466	65.4497
Individuals	221,742,042	32.8002	212,498,105	31.4328
Legal entities	9,966,688	1.4743	21,075,133	3.1174
Total	676,038,704	100	676,038,704	100

At the General Meeting of Shareholders of Electromagnetica S.A. held on December 19, 2024, the implementation of a buyback program by the Company of its own shares was approved.

- Program size – the redemption of a maximum of 60,000,000 treasury shares with a nominal value of RON 0.10 per share;
- acquisition price - the minimum purchase price is 0.10 RON/share, and the maximum price is 0.40 RON/share;
- program duration – maximum 18 months from the date of registration in the Trade Register;
- payment of the repurchased shares will be made from the distributable profit or from the available reserves of the company recorded in the latest approved annual financial statement, except for legal reserves, according to the 2023 financial statements;
- program purpose - reduction of the share capital by cancelling the repurchased shares.

On January 15, 2026, the company informed shareholders and investors that the Financial Supervisory Authority issued Decision no. 25/15.01.2026, which approved the public offer document for the purchase of shares issued by Electromagnetica S.A., initiated by the Company, in accordance with the Resolution of the General Shareholders' Meeting of 19.12.2024, an offer with the following characteristics:

- Number of shares subject to the offer: 60,000,000 shares, representing 8.8752% of the share capital;
- Nominal value: 0.10 RON/share;
- The purchase price is: 0.26 RON/share;
- Period: 21.01.2026-03.02.2026;
- Intermediary of the offer: SWISS Capital S.A.;
- Subscription locations: according to the information contained in the offer document.

On February 6, 2026, the company informed shareholders and investors that, during the public tender offer carried out between 21.01.2026 - 03.02.2026, it acquired 12,230,815 treasury shares, representing 1.8092% of the share capital.

As of December 31, 2025, the Company does not hold redeemable shares, bonds, or other portfolio securities.

16. RESERVES

Legal reserve

	2025	2024
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

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16. RESERVES (continued)

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 reserves from the revaluation of property, plant and equipment net of deferred tax are in the amount of RON 99,273,769 as of December 31, 2025. Compared to the balance at the beginning of the period, they decreased due to revaluation losses recognised during the year and transfers to retained earnings due to the amortisation of revalued assets and their disposal.

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the period	161,779,438	122,740,411
Revaluation increases	-	46,381,897
Decreases	(62,505,669)	(7,342,870)
Balance at the end of the period	99,273,769	161,779,438

As of December 31, 2025, the company registers *other reserves and equity items* in the amount of RON 41,385,943, of which its own sources of financing represent 97%.

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the period	48,793,086	79,826,174
Increases	-	-
Decreases	(7,407,143)	(31,033,088)
Balance at the end of the period	41,385,943	48,793,086

At the General Meeting of Shareholders of Electromagnetica S.A. on April 28, 2025, it was approved to cover the accounting loss recorded on 31.12.2024 in the amount of RON 7,407,143 from reserves.

17. RETAINED EARNINGS

As of December 31, 2025, the deferred balance resulting from the transfer of revaluation reserves related to depreciated or derecognised assets was RON 8,041,852.

18. PROVISIONS

Name	<u>Balance January 1, 2025</u>	<u>Additions to provisions</u>	<u>Reversals of provisions</u>	<u>Balance December 31, 2025</u>
Provisions for warranties	1,952,556	-	(840,777)	1,111,779
Provision for employee benefits	294,678	613,672	(796,843)	111,507
Provision for labour disputes	264,298	65,468	(141,600)	188,166
TOTAL	2,511,532	679,140	(1,779,220)	1,411,452

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

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18. PROVISIONS (continued)

In 2025, the provisions for warranties was recalculated on the basis of management's best estimate, taking into account the information available at the reporting date.

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.

19. TRADE AND OTHER PAYABLES

Current trade payables	December 31 2025	December 31 2024
Trade payables	693,031	1,182,368
Accrued trade payables	2,216,784	4,078,630
Other current payables		
Advances received from customers	27,246	2,024,991
Salaries and social security	328,693	1,666,245
Deferred revenue	1,010,652	811,532
Other liabilities	3,123,322	2,960,598
Total	7,399,728	12,724,364

The liabilities 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 liabilities related to December 2025 and paid by the due date of January 2026.

The company has no loans contracted as of December 31, 2025.

As of December 31, 2025, the Company has a non-cash guarantee agreement in the amount of RON 173,642, 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 duties.

The guarantees received from tenants and those withheld from suppliers on December 31, 2025 are worth RON 2,603,616 and will be regularized according to the contractual clauses.

	Total	Less than a year	In a year
Guarantees received on December 31, 2025	2,603,616	830,994	1,772,622
Guarantees received on December 31, 2024	2,333,977	616,579	1,717,398

Trade and other long-term liabilities amount to RON 2,893,237 (December 31, 2024: RON 1,717,399). These liabilities relate mainly to guarantees received from tenants under long-term contracts.

Leasing liabilities are presented within current and long-term liabilities. Their total value is 2,558,427 RON (Note 8).

20. THE COMPANY AS LESSOR

The Company has entered into operating leases for its investment property portfolio consisting of certain office and production buildings (see Notes 5 and 6). These lease agreements have terms ranging from 1 to 10 years.

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

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20. THE COMPANY AS LESSOR (continued)

The rental income recognized by the Company during 2025 is RON 17,677,333 (2024: RON 17,023,468).

The future minimum rents to be collected under the non-cancellable operating leases contracts as of December 31, 2025 are as follows:

	<u>2025</u>	<u>2024</u>
- 1 year	15,615,562	11,556,044
- between 1 and 2 years old	11,212,318	8,227,345
- between 2 and 3 years old	7,020,161	4,198,915
- over 3 years	9,968,202	4,129,214
TOTAL	<u>43,816,243</u>	<u>28,111,518</u>

21. REVENUE

REVENUE FROM CUSTOMER CONTRACTS	<u>2025</u>	<u>2024</u>
Revenue from renewable electricity generation and electricity supply	-	35,740,732
Revenue from the sales of finished goods and merchandise (LED lighting fixtures, electric vehicle charging stations, plastic injection products and molds, low-voltage electrical equipment, railway traffic safety equipment)	3,479,178	33,436,366
Revenue from services (mainly system works and solutions for lighting and charging electric vehicles)	1,304,920	4,755,391
TOTAL REVENUE FROM CUSTOMER CONTRACTS	<u>4,784,098</u>	<u>73,932,489</u>
REVENUE FROM RENTAL ACTIVITY*	<u>24,533,865</u>	<u>23,735,494</u>
TOTAL REVENUE	<u>29,317,963</u>	<u>97,667,983</u>

*Revenue from rental activity includes both income from rents, maintenance charges, income from utilities and other related services.

Timing of revenue recognition from contracts with customers	<u>2025</u>	<u>2024</u>
Goods and services transferred at a point in time	3,479,178	33,436,366
Goods and services transferred over time	25,838,785	64,231,617
Total revenue from customer contracts	<u>29,317,963</u>	<u>97,667,983</u>

Most revenues are generated in Romania.

The breakdown of revenues at the product level is:	<u>2025</u>	<u>2024</u>
Electric vehicle charging stations	1,369,171	5,769,804
Electrical equipment	-	12,124,959
Traffic safety elements CFR	1,809,853	4,283,973
Plastic Injections & Molds	1,071,987	9,535,702
LED lighting fixtures and services	252,065	4,546,021
Others	281,022	1,931,298
TOTAL PRODUCTION	<u>4,784,098</u>	<u>38,191,757</u>

The attached notes are an integral part of the separate financial statements.

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21. REVENUE (continued)

OTHER NET INCOME AND EXPENSES

	2025	2024
Income from Green Certificates	-	836,971
Net income/(expenses) related to provisions	(2,360,094)	(3,264,940)
Income from subsidies	-	3,920,652
Net income from the sale of property, plant and equipment	1,262,746	1,128,569
Other net income/(expenses)	393,320	477,261
TOTAL	(704,028)	3,098,513

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

22. EXPENSES

	2025	2024
Expenses on raw materials and consumables		
- Expenses with raw materials and consumables	347,325	14,246,603
- Expenditure on goods	373,432	34,324,250
- Expenditure on energy, water, gas	3,452,013	7,457,801
Total expenses on raw material and consumables	4,172,770	56,028,654
Employee benefits expenses	9,442,162	25,297,143
Other expenses		
- Postal and telecommunications expenses	302,258	358,124
- Maintenance and repair expenses	836,493	648,141
- Rent expenses	276,646	330,182
- Advertising and protocol expenses	41,394	84,359
- Insurance expenses	344,517	563,925
- Transportation and travel expenses	43,814	617,197
- Taxes and duties	2,672,893	1,655,105
- Expenses with consultants and collaborators	1,189,407	1,454,430
- Expenses with green certificates	-	1,992,490
- Contribution to the Energy Transition Fund	-	110,313
- Other operating expenses	8,772,975	9,156,416
Total other expenses	14,480,397	16,970,682
Depreciation and amortization expenses		
- Depreciation expenses	10,383,189	11,073,990
- Impairment losses/(gains) and revaluation effects	2,957,935	(340,429)
Total depreciation and amortization expenses	13,341,124	10,733,561
Total expenses	41,436,453	109,030,040

The attached notes are an integral part of the separate financial statements.

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23. FINANCIAL EXPENSES and INCOME

Financial expenses	2025	2024
Interest expenses	121,942	98,570
Foreign exchange losses	94,094	116,013
Other financial expenses	129,886	6,588
Total financial expenses	345,922	221,171
Financial income	2025	2024
Interest income	9,566,099	1,794,607
Foreign exchange gains	534,499	92,345
Other financial income	8,157	8
Total financial income	10,108,755	1,886,960

Interest income for the financial year 2025 includes both interest earned from cash placed at banking institutions and interest income from bond investments.

On 1 August 2025, Electromagnetica S.A. subscribed 17,000,000 bonds issued by PK Development Holding S.A., in a private issue totalling EUR 100,000,000. The bonds had a nominal value of EUR 1 each, a maximum maturity of 36 months from the date of allocation and were fully redeemable at the final maturity, with the possibility of early repayment according to the provisions of the offer documentation.

The bonds were secured by a first-rank mortgage on the "Mall Moldova" shopping center and adjacent buildings, owned by Ermes Holding S.R.L. The financial instruments were not subject to a public offering and were not admitted to trading on a regulated market. The funds attracted by the issuer were intended to finance the operational and investment activities of the group to which it belongs.

On December 30, 2025, the bonds issued by PK Development Holding S.A. were repaid early.

24. CORPORATE INCOME TAX

Corporate income tax recognised in the statement of profit or loss:

	2025	2024
Current Corporate Income Tax		
Current Corporate Income Tax Expenses	449,510	-
Deferred corporate income tax		
Deferred tax expenses	330,334	6,369,092
Deferred tax income	(3,716,144)	(2,186,068)
Total expense / (income) with corporate income tax	(2,936,300)	4,183,024

Reconciliation of pre-tax profit with income tax expense in profit or loss statement:

Indicator	2025	2024
Pre-tax profit/(loss)	(13,664,351)	(3,224,120)
Tax calculated at the statutory rate (16%)	(2,186,296)	(515,859)
Effect of non-deductible expenses	3,439,125	7,905,775
Effect of non-taxable income	(2,466,311)	(2,544,015)
Other elements	(1,722,818)	(662,877)
Total Corporate Income Tax Expense / (Income)	(2,936,300)	4,183,024

The attached notes are an integral part of the separate financial statements.

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24. CORPORATE INCOME TAX (continued)

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

As of December 31, 2025, the total current corporate income tax claim is RON 1,254,319 (December 31, 2024: RON 1,703,829).

The analysis of the deferred corporate income tax for 2025 and 2024 is presented below:

	Initial Balance January 1 2025	Recognized in the statement of profit or loss (income)/ expense	Recognized in other comprehensi ve income	Final balance December 31, 2025
Property, plant and equipment and investment property	33,311,096	(3,009,273)	(10,374,061)	19,927,762
Adjustment of non-current assets	(339,807)	135,603	-	(204,204)
The time-value effect of money (receivables)	(105,967)	94,780	-	(11,187)
Value adjustments receivables	(1,579,858)	58,471	-	(1,521,387)
Inventory value adjustments	(2,292,838)	(706,879)	-	(2,999,717)
Employee benefits	(89,436)	41,488	-	(47,948)
TOTAL	28,903,190	(3,385,810)	(10,374,061)	15,143,319

	Initial Balance January 1 2024	Recognized in the statement of profit or loss (income)/ expense	Recognized in other comprehensi ve income	Final balance December 31, 2024
Property, plant and equipment	20,534,431	4,039,595	8,737,070	33,311,096
Adjustment of non-current assets	(594,349)	254,542	-	(339,807)
The time-value effect of money (receivables)	(185,525)	79,558	-	(105,967)
Value adjustments receivables	(2,101,776)	521,918	-	(1,579,858)
Inventory value adjustments	(1,568,815)	(724,023)	-	(2,292,838)
Employee benefits	(100,870)	11,434	-	(89,436)
TOTAL	15,983,096	4,183,024	8,737,070	28,903,190

The deferred corporate income tax for property, plant and equipment 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 was as follows:

	2025	2024
Average number of employees	60	211

The evolution of the employee structure according to the level of training is presented below:

	December 31 2025	December 31 2024
Employees with higher education	45%	29%
Employees with secondary education	53%	70%
Employees with primary education	2%	1%

The attached notes are an integral part of the separate financial statements.

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25. AVERAGE NUMBER OF EMPLOYEES (continued)

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

	<u>2025</u>	<u>2024</u>
Salary expenses	5,617,347	15,076,849
Other personnel expenses	3,824,815	10,220,294
Total	<u>9,442,162</u>	<u>25,297,143</u>

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

26. RELATED PARTY TRANSACTIONS

	<u>2025</u>	<u>2024</u>
Sale of goods and services to subsidiaries		
Electromagnetica Fire S.R.L.	-	12,619
Electromagnetica Prestserv S.R.L.	-	12,256
Procetel S.A.	52,483	50,346
Total	<u>52,483</u>	<u>75,221</u>

	<u>2025</u>	<u>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.	1,329,956	1,304,407
Total	<u>1,348,370</u>	<u>2,087,609</u>

	<u>December 31 2025</u>	<u>December 31 2024</u>
Trade and other liabilities to subsidiaries		
Procetel S.A.	117,525	-
Total	<u>117,525</u>	<u>-</u>

	<u>December 31 2025</u>	<u>December 31 2024</u>
Trade receivables from subsidiaries		
Electromagnetica Prestserv S.R.L.	-	608
Procetel S.A.	6,722	-
Total	<u>6,722</u>	<u>608</u>

Sales to related parties include: utilities and services. Purchases from related parties include: rents, goods and materials.

Transactions made with related parties are carried out at arm's length prices.

Remuneration of key personnel

The remuneration of Directors and Board Members for the years ended 31 December 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Salaries and wages of management	601,764	1,448,327
Management member Compensation	-	184,620
Board of Directors' benefits	681,644	604,685
Total	<u>1,283,408</u>	<u>2,237,632</u>

The attached notes are an integral part of the separate financial statements.

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26. RELATED PARTY TRANSACTIONS (continued)

The company does not have contractual obligations to the former directors and members of the Board of Directors and has not granted advances or loans to the current directors and members of the Board of Directors.

The company does not assume future obligations of the nature of guarantees on behalf of the members of the Board of Directors.

27. EARNINGS PER SHARE

Basic earnings per 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 comprehensive income and have been determined as the ratio of net profit (loss) attributable to shareholders to the weighted average of the number of ordinary shares outstanding during the period.

	<u>2025</u>	<u>2024</u>
Net profit/loss attributable to shareholders	(10,728,051)	(7,407,144)
Weighted average number of ordinary shares	676,038,704	676,038,704
Result per share	(0.0159)	(0.0110)

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 years 2025 and 2024, the Company reported 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 some point in the future.

28. 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.

The activity is governed by the following 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 is also responsible for examining and approving the company's strategic, operational and financial plan, as well as the company's corporate structure.

The Company's risk management policies are defined in such a way as to ensure the identification and analysis of the risks faced by the Company, the establishment of appropriate limits and controls, as well as the monitoring of risks and compliance with the established limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Company's activities. The company, through its training and management standards and procedures, aims to develop an orderly and constructive control environment, in which all employees understand their roles and obligations.

The company's internal audit oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks it faces.

The Company's activities expose it to a number of financial risks: market risk (including exchange rate risk, interest rate risk, price risk), credit risk and liquidity risk.

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28. RISK MANAGEMENT (continued)

General Risk Management Framework (continued)

The Company is exposed to the following risks:

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 debt 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 December 31, 2025 and December 31, 2024 was as follows:

	December 31 2025	December 31 2024
Total long-term and short-term liabilities	29,406,163	47,466,465
Without: Cash and cash equivalents	<u>(98,632,700)</u>	<u>(73,532,273)</u>
Total	<u>(69,226,537)</u>	<u>(26,065,808)</u>
Equity	<u>319,530,643</u>	<u>384,722,511</u>
Indebtedness ratio	<u>(0.2167)</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 was exposed to *currency risk* due to the supply of materials mainly from imports and export activities. In order to limit the effect of foreign exchange exchanges, the timing of payments was correlated with that of foreign currency receipts, the company usually achieving a cash-flow surplus. The Company continuously monitors and manages the exposure to exchange rate variations.

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.

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28. RISK MANAGEMENT (continued)

Currency Risk Management (continued)

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	<u>EUR</u>	<u>USD</u>	<u>Other currencies</u>	<u>Total</u>
Functional currency	RON	RON	RON	RON
December 31, 2025				
Total monetary assets	94,706,176	87,584	89,463	94,883,223
Total monetary liabilities	21,708	-	-	21,708
December 31, 2024				
Total monetary assets	1,787,473	97,163	86,654	1,971,290
Total monetary liabilities	10,631	-	-	10,631

Sensitivity analysis to foreign exchange rate changes

An appreciation/(depreciation) of RON against EUR and USD, as indicated below, on 31 December, 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	RON	RON
Change in the exchange rate	+/- 10%	+/- 10%
December 31, 2025		
Profit or loss statement	9,468,447	8,758
Other equity	-	-
December 31, 2024		
Profit or loss statement	177,684	9,716
Other equity	-	-

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

Interest rate 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 December 31, 2025 and during 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. The Company is exposed to credit risk arising from its operational activities, in particular commercial activities (Note 12).

Receivables

Trade receivables come from a wide range of clients operating in various fields of activity. 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 has adopted a policy of trading only with trusted partners and requires sufficient collateral where appropriate to minimize the risk of financial losses resulting from non-compliance.

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28. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

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.

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

- determining an appropriate historical 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 31 December 2025.

In addition to the receivables analysis described above, the Company analyzed customers with receivables whose maturities exceeded 90 days on December 31, 2025 as well as territorial administrative units with receivables with maturities exceeded more than one year in balance on December 31, 2025 and, depending on the available information, calculated and recorded adjustments to the value of the receivables as of December 31, 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.

	December 31 2025		
Current trade receivables	Gross amount	Impairment allowance	Estimated loss rate (%)
Ageing			
Current (no expiry date)	4,280,728	(99,460)	2%
1 – 30 days	949,974	(160,484)	17%
31 – 60 days	352,192	(71,499)	20%
61 – 90 days	178,014	(40,856)	23%
Total receivables analysed globally	5,760,908	(372,299)	6%
Receivables with state authorities (mayoralities)	2,956,420	(2,151,347)	73%
Other receivables 90-180 days	505,001	(251,482)	50%
Other receivables over 180 days	2,181,712	(2,062,888)	95%
Uncertain receivables	4,661,729	(4,661,729)	100%
Total receivables analysed individually	10,304,862	(9,127,446)	89%
Total	16,065,770	(9,499,745)	59%

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28. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Receivables (continued)

	December 31 2024		
Current trade receivables	Gross amount	Impairment allowance	Estimated loss rate (%)
Ageing			
Current (no expiry date)	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.

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 liabilities by maturity:

	December 31 2025	0 - 1 year	1 - 2 years	2 - 5 years	Over 5 years
Trade and other receivables	20,738,529	17,887,459	2,851,070	-	-
Trade and other liabilities	12,851,392	8,304,862	1,512,279	2,920,754	113,497
Net position	7,887,137	9,582,597	1,338,791	(2,920,754)	(113,497)
	December 31 2024	0 - 1 year	1 - 2 years	2 - 5 years	Over 5 years
Trade and other receivables	22,425,201	17,913,164	4,445,380	66,657	-
Trade and other 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)

The negative net positions for the 2-5 year and 5>year maturity buckets are insignificant and are covered by the cumulative liquidity surplus.

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28. RISK MANAGEMENT (continued)

Liquidity risk management

Categories of financial instruments

Financial assets (amortised cost)	2025	2024
Short and long-term trade receivables	20,738,529	22,425,201
Cash and cash equivalents	98,632,700	73,532,273
Total	119,371,229	95,957,474

Financial liabilities (amortized cost)	2025	2024
Trade and other liabilities	10,292,965	14,441,763
Short and long-term lease liabilities	2,558,427	1,609,980
Total	12,851,392	16,051,743

Lease liabilities

	2025	2024
Balance at the beginning of the period	1,609,980	1,444,911
Inputs	2,106,214	1,515,837
Lease payments	(1,157,767)	(1,350,768)
Interest expenses	121,942	98,570
Interest payments	(121,942)	(98,570)
Balance at the end of the period	2,558,427	1,609,980

29. COMMITMENTS AND POTENTIAL LIABILITIES

Commitments

As of December 31, 2025, the Company has a non-cash guarantee agreement in the amount of RON 173,642, for the issuance of letters of guarantee (December 31, 2024: RON 10,000,000). In order to guarantee this non-cash agreement, the Company established a movable mortgage on the collateral deposit, in the amount of RON 173,642.

The commitments received from customers and tenants in the form of letters of guarantee on December 31, 2025 are worth 234,590 RON according to the contractual clauses.

Disputes

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 its own legal department and through collaborations with external partners specialized in the management of specific actions.

30. OTHERS

The Company's separate financial statements were audited by Deloitte Audit S.R.L., the fee for the 2025 audit was EUR 41,500 (2024: EUR 61,300).

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31. SUBSEQUENT EVENTS

As of the date of these financial statements, the Company continues to perform its obligations as they mature and therefore continues to apply the basis for preparing business continuity.

- ***Completion of the share buyback tender offer***

Electromagnetica S.A. has completed the public tender offer of its own shares, carried out between 21.01.2026 – 03.02.2026, based on the A.S.F. Decision no. 25/15.01.2026, issued in accordance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations. As part of the offer, the Company acquired a number of 12,230,815 shares, representing 1.8092% of the share capital.

- ***Appointment of Deputy General Manager***

By the decision adopted on 15.01.2026, Electromagnetica S.A. approved the appointment of Mr. Mihai Odoviciuc as Deputy General Manager, starting with 01.02.2026.

- ***Steps regarding the sale of some goods***

As part of a competitive open outcry auction, organized by Electromagnetica S.A. on 25.02.2026, at the headquarters in Bucharest, Calea Rahovei nr. 266–268, sector 5, a series of assets from the patrimony were awarded, at the total price of EUR 115,000, to which is added VAT. The sale-purchase contract was signed with the successful bidder.

Management is not aware of any events, economic changes or other factors of uncertainty that could significantly affect the company's revenues or liquidity, other than those mentioned.

These separate financial statements have been approved to be issued by management at **March 18, 2026**:

GEORGE – ALIN ȘTEFAN

General Manager

MARIA GÂRZU

Chief Accountant

ELECTROMAGNETICA S.A.
J1991000019408, C.U.I. RO414118
Bucharest, Sector 5, Calea Rahovei nr. 266-268

ANNUAL REMUNERATION REPORT
for the financial year 2025

ELECTROMAGNETICA

ELECTROMAGNETICA S.A. is a Romanian legal entity, having the legal form of a joint stock company listed on the Bucharest Stock Exchange.

The main field of activity is NACE code 682 - *Rental and subletting of own or rented real estate*, and **the main activity** is NACE 6820 - *Rental and subletting of own or leased real estate*.

The company's shares are registered and dematerialized, comprising all the elements provided by law.

The General Meeting of Shareholders is the supreme management body of the company, which decides on its activity and its economic and commercial policy.

The company is managed in a unitary system, by a Board of Directors composed of 5 directors, elected by the general meeting of shareholders, most of the members of the Board of Directors being non-executive directors (who were not appointed directors), elected for a period of 4 years.

Whereas:

a) The provisions of art. 107 para. (1) and (2) letter b) of *Law no. 24/2017 on issuers of financial instruments and market operations*, as subsequently amended and supplemented, according to which:

1. *The issuer shall draw up a clear and understandable remuneration report which shall provide a comprehensive overview of remuneration, including all benefits, regardless of form, granted or due during the last financial year, to individual managers, including newly recruited and former managers in accordance with the remuneration policy set out in Article 106.*

(2) *The remuneration report shall contain, as the case may be, the following information regarding the remuneration of each manager:*

"(b) the annual change in the remuneration, performance of the issuer and the average remuneration on the basis of the full-time equivalent of the issuer's employees who are not managers for at least the last 5 financial years, presented together in a manner that allows comparison"

article transposing the provisions of point 4 (referring to Article 9b paragraph 1 letter b) of EU Directive 2017/828;

b) The provisions of Article 94 letter b) which represent the transposition into national legislation of the provisions of item 2 letter l) of EU Directive 2017/828, according to which, the notion of manager means *"any member of the board of directors, as well as any director, in the case of the unitary management system"*, according to *Law no. 31/1990 on companies*.

c) The fact that in art. 107 para. (2) letter b) of *Law no. 24/2017 on issuers of financial instruments and market operations*, the phrase *"last 5 financial years"* refers to the period of 5 years prior to the moment of preparation of the activity report;

d) The fact that *the Remuneration Policy* was approved by the General Meeting of Shareholders on April 25, 2024, being developed in accordance with:

- *Directive (EU) 2017/828 on encouraging long-term shareholder engagement;*
- *Companies Law no. 31/1990;*
- *Law no. 24/2017 on issuers of financial instruments and market operations;*
- *Law no. 158/2020 amending Law no. 24/2017;*
- *Law no. 126/2018 on markets in financial instruments;*
- *Regulation No 5/2018 on the issuance of financial instruments and market operations;*
- *The Corporate Governance Code of the B.V.B;*
- *Directors' management agreements - approved by the Ordinary General Meeting of Shareholders on April 25, 2024 (decision no. 9);*

e) *The remuneration policy and the remuneration report shall be drawn up in due compliance with the provisions of Articles 106 and 107 of Law no. 24/2017 on issuers of financial instruments and market operations;*

f) Art. 267 ind. 1 of Regulation no. 5/2018 on issuers of financial instruments and market operations stipulates that *"the first remuneration report drawn up according to art. 107 of Law no. 24/2017 shall present the information required by law for the last financial year ended after the submission for the first time of the*

remuneration policy according to art. 106 of Law no. 24/2017, respectively includes the information established by law for the financial year";

- g) The remuneration system is composed of *the fixed, variable component*, as well as *other forms - non-financial benefits*, and *the Principles of the Remuneration Policy* are based on:
- ensuring sustainability and profits, generating medium and long-term value;
 - promoting competitiveness and rewarding the achievement of objectives;
 - aligning remuneration with the principles of good governance;
 - Promoting transparency on remuneration and the criteria for setting it;
 - ensuring the balance between the fixed allowance and the variable component of the remuneration.
- h) ELECTROMAGNETICA S.A. presented in the General Shareholders' Meeting of April 28, 2022 *the Remuneration Report for 2021* prepared in accordance with the legal provisions, which was approved with 370,240,498 votes *in favor*, *against* 0 votes, *abstention* 60,186,472 votes out of the total votes cast;
- i) ELECTROMAGNETICA S.A. presented in the General Shareholders' Meeting of April 27, 2023 *the Remuneration Report for 2022* prepared in accordance with the legal provisions, which was approved with 455,378,497 votes *in favor*, *against* 0 votes, *abstention* 1,971,570 votes out of the total votes cast;
- j) The Extraordinary General Meeting of Shareholders on July 3, 2023 approved the amendment of the articles of incorporation;
- k) The Extraordinary General Meeting of Shareholders on July 3, 2023 approved the management contracts;
- l) ELECTROMAGNETICA S.A. presented in the General Shareholders' Meeting of April 25, 2024 *the Remuneration Report for 2023* prepared in accordance with the legal provisions, which was approved with 447,681,301 votes *in favor*, *against* 0 votes and 0 *abstention* votes out of the total votes cast;
- m) The Ordinary General Meeting of Shareholders on April 25, 2024 approved the management contracts;
- n) ELECTROMAGNETICA S.A. presented in the General Shareholders' Meeting of April 28, 2025 *the Remuneration Report for 2024* prepared in accordance with the legal provisions, which was approved with 454,817,556 votes *in favor*, *against* 0 votes and 0 *abstention* votes out of the total votes cast;

and

ELECTROMAGNETICA S.A. applies the following principles:

1. The following shall exercise their right to the recovery of variable remuneration for directors and members of the executive management, in certain situations, explicitly defined:

- when there is evidence of misconduct, professional misconduct or repeated errors/misconduct of the directors/members of the executive management, including if the Company has been subject to sanctions as a result of non-compliance with the legal provisions, and the conduct of the Management contributed to these sanctions (as determined by a competent authority or court);
- if ELECTROMAGNETICA S.A. suffers significant reputational damage or a significant deterioration in financial performance;
- the variable remuneration was granted on the basis of erroneous or false data, erroneous statements of accounts, material errors (from the documents containing financial statements on the basis of which the remuneration was determined or related to the methods of calculating remuneration, etc.);
- ELECTROMAGNETICA S.A. suffers adverse consequences, wholly or partly attributable to the Management, the Company's relationship with customers, affiliates or other interested parties including shareholders, employees, creditors and regulatory authorities.

2. Qintends to exercise its right to the recovery of variable remuneration by means of the type adjustment *malus*, respectively will resort to the *claw-back* in especially in situations where the contribution of the Leadership can be proven when appearing of the respective adverse event.

3. Implementation of a remuneration policy must be consistency at the level of Group. This is necessary not only in terms of promoting corporate governance principles, but also in that investors can rely on comparable remuneration data. It is relevant that ELECTROMAGNETICA S.A., as a company listed on the B.V.B., has the obligation to stipulate in the Annual Remuneration Report the remuneration received by a manager, including those from the entities within the Group, namely the subsidiaries PROCETEL S.A., ELECTROMAGNETICA PRESTSERV S.R.L. and ELECTROMAGNETICA FIRE S.R.L., as defined by Law no. 126/2018 - *on markets in financial instruments* Article 3 paragraph 1 item 25 (these provisions do not apply to Electromagnetica S.A., given that none of the company's directors holds positions in Procetel S.A., the only subsidiary of Electromagnetica S.A.);

4. The performance criteria used to establish the amount of the variable component are established by the Income and Expenditure Budget and consist of:

- achieving the net profit indicator;
- approval of the annual financial statements by the General Meeting of Shareholders.

5. The fulfilment of the performance criteria shall be certified on the basis of the annual financial results.

6. With regard to the number of shares and stock options granted or offered, as well as the main conditions for the exercise of the related rights, including the exercise price and the date, together with any changes thereto related to the financial year 2025, as provided for in art. 21.1 of the company's articles of incorporation, the directors' remuneration consists of a fixed monthly allowance and a variable component. The general limits of variable remuneration are set by decisions of the company's ordinary general meeting of shareholders. Variable remuneration can be granted both in cash and/or through the allocation of financial instruments and/or derivatives (shares, options granted under Stock Option Plan, etc.). Variable remuneration may be granted to the members of the Board of Directors, directors and employees of the company, according to the general limits approved by the General Meeting of Shareholders, subject to the achievement of the net profit indicator and the approval of the annual financial statements by the General Meeting of Shareholders. The fund for granting the variable remuneration for the achievement of the net profit performance indicator will be determined and recorded in the form of a provision, so that the achievement of the net profit established by the Income and Expenditure Budget is not jeopardized. The payment of the variable remuneration will be made after the approval of the annual financial statements. Within the instruments granted under Stock Option Plan programs for administrators and directors, the allocation criteria are established in accordance with the specific legislation, as well as with the provisions of the articles of incorporation.

We specify that, so far, such a request has not been included on the agenda of the ordinary and/or extraordinary general meeting of shareholders, respectively the administrators and/or executive directors have not benefited from this facility.

7. Regarding remuneration, including all benefits, in any form, granted or due during the previous financial year, to individual managers, including newly recruited and former managers in accordance with the Remuneration Policy.

Ordinary General Meeting of Shareholders on 28.04.2025 – regarding the fixed remuneration for 2025

a) Members of the Board of Directors

According to the articles of incorporation, in conjunction with *the Remuneration Policy*, the Company undertakes to pay the administrator a remuneration representing the net amount of lei/month established annually by the General Meeting of Shareholders.

The Ordinary General Meeting of Shareholders of April 28, 2025 established:

- remuneration of the member of the Board of Directors - 5,000 lei net/month;
- remuneration of the Chairman of the Board of Directors - 10,000 lei net/month;
- the remuneration of the member of the Audit and Risk Committee - 25% of the net monthly remuneration of the director.

The Ordinary General Meeting of Shareholders of April 28, 2025 approved, at the proposal of the Board of Directors, not to grant variable remuneration to the members of the Board of Directors related to the activity carried out in 2024.

(b) Executive Directors

As for the executive directors, as the year 2024 was difficult from an economic point of view, the Ordinary General Meeting of Shareholders of April 28, 2025 approved, at the proposal of the Board of Directors, the non-granting of variable remuneration to executive directors.

8. Remuneration of managers and former managers for the year 2025 (gross amounts from which the related taxes and fees are paid)

Full name	Position held	Mandate implementation period	Fixed remuneration (lei)	Total remuneration (lei)	Total remuneration received from any entity belonging to Electromagnetica S.A. Group
Cucu Daniela-Adi	General Manager / Chairman of the Board of Directors	01.01.2025-30.06.2025 01.01.2025-31.12.2025	485,483	485,483	0
Cioacă Sorin Iulian	Board Member	01.01.2025-31.12.2025	131,080	131,080	0
Gagea Cristina Gabriela	Board Member	01.01.2025-31.12.2025	131,080	131,080	0
Trifu Mihai	Board Member	01.01.2025-31.12.2025	131,080	131,080	0
Zoescu Mihai	Board Member	01.01.2025-31.12.2025	104,884	104,884	0
Ion Robert - Ștefan	Executive Director	01.01.2025-13.02.2025	127,927	127,927	0
George - Alin Ștefan	Executive Director	22.05.2025-31.12.2025	171,873	171,873	0
			1,283,408	1,283,408	0

9. Comparative information on the change in the remuneration and performance of the issuer in the last 5 years (remuneration is gross amounts from which taxes and related fees are paid)

Annual percentage change	2021	2022	2023	2024	2025
Remuneration of the directors and members of the BoD					
Cucu Daniela - Adi - President of the BoD - General Manager	-	-	628,812	918,860	485,483
<i>Change from previous year (%)</i>	N/A	N/A	N/A	46.13%	-47.16%
Cioacă Sorin - Iulian - Board member	-	-	57,772	131,084	131,080
<i>Change from previous year (%)</i>	N/A	N/A	N/A	126.90%	0.00%
Trifu Mihai - Board member	-	-	32,227	131,084	131,080
<i>Change from previous year (%)</i>	N/A	N/A	N/A	306.75%	0.00%
Gagea Cristina Gabriela - Board member	-	18,025	109,649	131,435	131,080
<i>Change from previous year (%)</i>	N/A	N/A	508.30%	19.87%	-0.27%
Zoescu Mihai - Board member	12,084	43,261	100,216	103,136	104,884
<i>Change from previous year (%)</i>	N/A	257.99%	131.65%	2.91%	1.69%
Scheușan Eugen - President of the BoD - General Manager	735,836	759,232	806,057	1,748	-
<i>Change from previous year (%)</i>	-1.01%	3.18%	6.17%	N/A	N/A
Ion Robert - Ștefan - Executive Director	-	-	-	200,121	127,927
<i>Change from previous year (%)</i>	N/A	N/A	N/A	N/A	-36.08%
George - Alin Ștefan - Executive Director	-	-	-	-	171,873

ELECTROMAGNETICA

<i>Change from previous year (%)</i>	N/A	N/A	N/A	N/A	N/A
Radu Cristian - Iulian - Executive Director	-	-	73,885	620,164	-
<i>Change from previous year (%)</i>	N/A	N/A	N/A	739.36%	N/A
Bobar Andrei - Executive Director	-	-	239,734	-	-
<i>Change from previous year (%)</i>	N/A	N/A	N/A	N/A	N/A
Busu Cristian - Board member	9,798	38,214	100,216	-	-
<i>Change from previous year (%)</i>	N/A	290.01%	162.25%	N/A	N/A
Stanila Antoaneta Monica - Executive Director	-	-	557,677	-	-
<i>Change from previous year (%)</i>	N/A	N/A	N/A	N/A	N/A
Calitoiu Elena - Board member	32,660	-	-	-	-
<i>Change from previous year (%)</i>	-30.44%	N/A	N/A	N/A	N/A
Hodea Cristina Ioana Rodica - Board member	46,704	-	13,755	-	-
<i>Change from previous year (%)</i>	-0.53%	N/A	N/A	N/A	N/A
Macovei Octavian - Board member - Executive Director	593,763	631,251	875,227	-	-
<i>Change from previous year (%)</i>	-1.99%	6.31%	38.65%	N/A	N/A
Sichigea Elena - Board member	26,128	-	-	-	-
<i>Change from previous year (%)</i>	-30.33%	N/A	N/A	N/A	N/A
Stancu Ioan - Board member	37,559	34,609	84,103	-	-
<i>Change from previous year (%)</i>	0.15%	-7.86%	143.01%	N/A	N/A
Stancu Traian - Board member	37,559	34,609	84,103	-	-
<i>Change from previous year (%)</i>	0.15%	-7.86%	143.01%	N/A	N/A
Florea Cristina - Executive Director	615,646	632,693	809,595	-	-
<i>Change from previous year (%)</i>	-2.69%	2.77%	27.96%	N/A	N/A
Stoica Mihail - Executive Director	611,073	634,135	762,041	-	-
<i>Change from previous year (%)</i>	-1.51%	3.77%	20.17%	N/A	N/A
Roman Ileana - Board member	9,145	7,210	-	-	-
<i>Change from previous year (%)</i>	-0.02%	-21.16%	N/A	N/A	N/A
Total remuneration of managers	2,767,957	2,833,240	5,335,069	2,237,632	1,283,408
<i>Change from previous year (%)</i>	-1.77%	2.36%	88.30%	-58.06%	-42.64%
Average remuneration based on full-time employees					
Company employees - average remuneration	6,297	7,196	7,715	9,466	11,332
<i>Change from previous year (%)</i>	7.71%	14.28%	7.21%	22.70%	19.71%
Company performance					
Net profit / (loss) (lei)	(16,113,467)	23,312,293	(31,033,088)	(7,407,144)	(10,728,051)
<i>Year-on-year change (%)</i>	N/A	N/A	N/A	-76.13%	44.83%



10. Principles on the recovery of variable remuneration

According to the Remuneration Policy, the variable remuneration is granted only in the event of the achievement of the profit indicator established by the Income and Expenditure Budget and is subject to the approval of the General Meeting of Shareholders.

The company may request the recovery of the variable remuneration if it is found that it was granted on the basis of erroneous or false data, material errors in the documents on the basis of which the remuneration was determined.

The recovery of variable remuneration starts from the moment of the finding and can be requested by Electromagnetica S.A. to be refunded within 3 years from the date of the finding.

11. Deviations from the provisions of the Remuneration Policy

During 2025, the remuneration granted by the company was made in compliance with the principles established by the Remuneration Policy.

Electromagnetica S.A. has not registered any deviation from the provisions of the Remuneration Policy or that falls within the derogations provided for in art. 106, para. (6) of Law no. 24/2017 republished.



ELECTROMAGNETICA S.A.
ADMINISTRATORS' REPORT FOR THE YEAR 2025
- CONSOLIDATED STATEMENTS -

according to the provisions of art. 63 of Law no. 24/2017 on issuers of financial instruments and market operations, Annex 15 to A.S.F. Regulation no. 5/2018 on issuers of financial instruments and market operations and the BVB Code

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1. IDENTIFICATION DATA OF ELECTROMAGNETICA S.A.

Company Name:	Electromagnetica S.A.
Registered Office:	Bucharest, Sector 5, Calea Rahovei nr. 266-268, postal code 050912
Tel/ Fax:	021 404 21 02/ 021 404 21 95
WHO:	414118
Registration no. at ORCTB:	J1991000019408
Regulated market:	BVB, Equity Sector, Equities, Premium Category
Market symbol:	ELMA
Number of shares:	676.038.704
Nominal value:	0.1000 RON
Share capital:	67.603.870,40 RON
LEI Code:	254900MYW7D8IGEFRG38

2. GENERAL INFORMATION AND PRESENTATION OF THE GROUP

Electromagnetica S.A. is a joint-stock company established in 1930 with Romanian legal personality and unlimited lifespan that is organized and operates according to the statute and based on Law no. 31/1990 on companies, republished, in compliance with Law no. 24/2017 on issuers of financial instruments and market operations and ASF Regulation no. 5/2018 on issuers of financial instruments and market operations.

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 SA.

At the Ordinary General Meeting of Shareholders on April 28, 2025, the modification of the main object of activity of Electromagnetica S.A. was 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, the main object of activity of the Company was NACE 2651 - Manufacture of instruments and devices for measurement, verification, control, navigation.

Electromagnetica S.A., as a company whose shares are admitted on a regulated market (Bucharest Stock Exchange, Premium category, symbol ELMA) has adopted IFRS (International Financial Reporting Standards) starting with the financial year 2012. The financial statements for 2025 were prepared in accordance with the provisions of OMFP no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union.

The group of companies within which Electromagnetica S.A. is the parent company was formed by Procetel S.A., Electromagnetica Fire S.R.L. and Electromagnetica Prestserv S.R.L., representing mainly outsourcing of services. Following the analysis of the operations carried out by the subsidiaries, it was necessary to implement measures to reduce costs and improve operational efficiency, which resulted in the decision to dissolve and liquidate these companies.

Procetel S.A. is a joint stock company with headquarters in Bucharest, Calea Rahovei nr. 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). In 2025, the company no longer carried out the research activity, the results obtained coming mainly from the space rental activity. The administrative management is ensured by Business Recovery BD&A S.P.R.L. In the General Meeting of Shareholders of Procetel S.A. held on 18.11.2024, the dissolution of Procetel S.A. was approved. 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. As of 31.12.2025, the dissolution process was ongoing.

Electromagnetica Prestserv S.R.L. was a limited liability company with headquarters in Bucharest, Calea Rahovei no. 266-268, sector 5, building 1, 2nd floor, axes A-B, pillars 1-2, registered at 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 shareholder 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 shareholder 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. Consequently, this company was removed from the accounting records of Electromagnetica S.A., and the related assets and liabilities were eliminated.

Legal framework

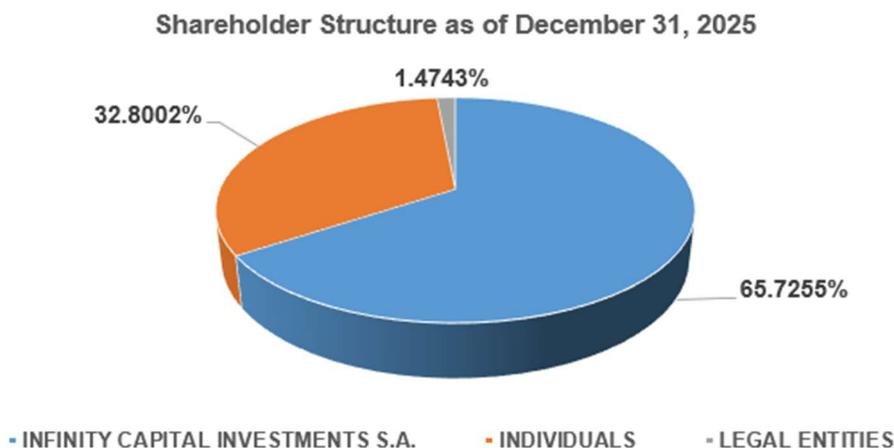
During the reporting period, the Group carried out its activity in compliance with the legal provisions contained, in particular, in:

- Law no. 31/1990 on companies, republished, with subsequent amendments and completions;
- Law no. 24/2017 on issuers of financial instruments and market operations, republished;
- The Law on Electricity and Natural Gas no. 123/2012, as subsequently amended and supplemented;
- Water Law no. 107/1996, as subsequently amended and supplemented;
- A.S.F. Regulation no. 5/2018, on issuers of financial instruments and market operations, with subsequent amendments and completions;
- A.N.R.E Order no. 5 / 2023 for the approval of the Regulation on the supply of electricity to end customers, as well as for the amendment and completion of some orders of the President of the National Energy Regulatory Authority;
- Bucharest Stock Exchange Code,

as well as in other regulations of primary and secondary legislation in the fields of activity in which it operates, as well as in compliance with the provisions of the Articles of Incorporation of the parent company, updated according to the decision of the Extraordinary General Meeting of Shareholders of April 28, 2025.

Shareholding structure of the parent company

As of 31.12.2025, the parent company had a number of **6,062** shareholders. According to the records of Depozitarul Central S.A., the synthetic structure at the end of 2025 is as follows:



3. ANALYSIS OF THE GROUP'S ACTIVITY

In 2025, the Electromagnetica Group had as its main line of business - the space rental activity (rents, maintenance fee and other related services).

Starting with 2024, the group has implemented an extensive operational efficiency process, aimed at strengthening value-added business lines and reducing exposure to high-risk or low-return segments.

In the second half of 2024, as a result of the sale of micro-hydropower plants in Suceava County, the group exited the electricity production market.

In 2025, the process of streamlining the production of goods activity continued, in the context of the steps to renegotiate trade relations and restrict operations to profitable partnerships. In the third quarter of 2025, the relay production line was sold, and the process of optimizing the activity will continue in 2026.

Group's Tangible Assets

The rental spaces are located exclusively in Bucharest and Vârteju, Ilfov County, most of them being located at the headquarters in Calea Rahovei no. 266–268.

The group manages a total leasable area (GLA) of approximately 60,400 sqm (including common spaces) located in Bucharest, Calea Rahovei no. 266–268, as well as approximately 3,400 sqm in Vârteju, Magurele city, Ilfov County.

The group owns land and buildings in Bucharest, Ilfov County and Dâmbovița County. The group has no disputes related to the ownership of its land.

3.1. KEY FINANCIAL FIGURES AND KEY INDICATORS OF THE GROUP

Indicator	2024	2025	Variation
Revenue (RON)	97,670,343	29,266,489	-70%
EBITDA (RON)	(188,164)	(1,379,135)	633%
Net Profit (RON)	(10,993,979)	(12,750,096)	16%
Net Profit Margin	-11.3%	-43.6%	287%
Average Number of Employees	235	60	-74%

*EBITDA represents profit before tax, depreciation and amortization expenses, financial expenses and income, investment income and net income from the revaluation of investment property.

The turnover in 2025 was RON 29.3 million, down 70% compared to the previous year, amid the measures adopted in order to streamline the group's activities and the significant abandonment/reduction of the resources allocated to the lines of activity that did not generate added value for the group (*such as the production of lighting fixtures, the production of electric car charging stations or plastic injection*).

Rental revenues increased by 3.5% compared to 2024, confirming the consolidation of this segment as the main operating driver.

Revenues from production activity decreased from RON 38.2 million in 2024 to RON 4.8 million in 2025, in the context of reduced involvement in government projects that have a slow collection of receivables and measures to align operations in the segment of production of electric car charging stations and production of lighting fixtures to reference markets.

In 2025, no revenues were recorded from the production of electricity from renewable sources and from the supply of electricity, as the activity of electricity production was sold during 2024. Revenues in 2024 were worth RON 35.7 million.

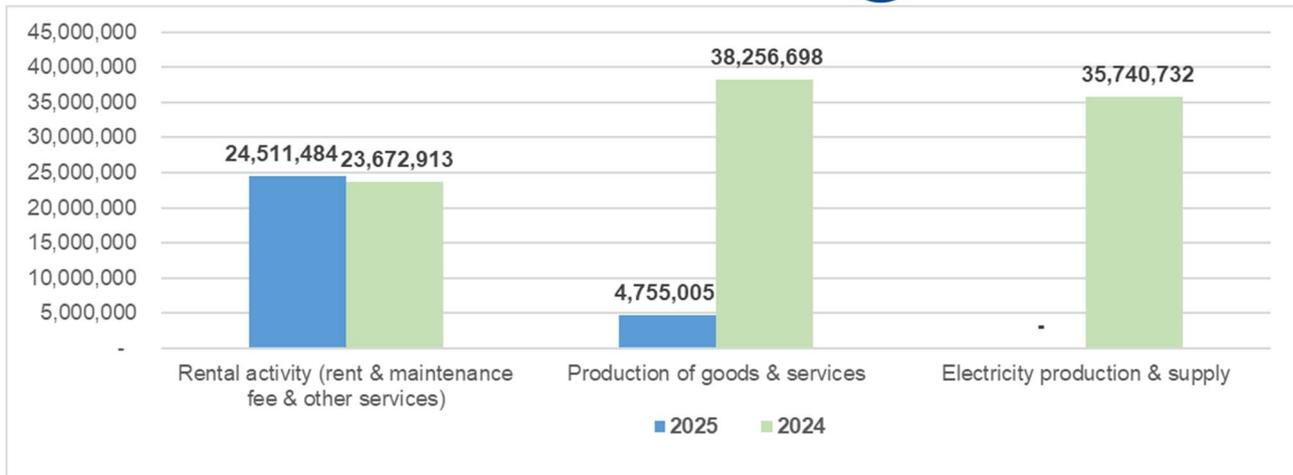
The streamlining process implemented during the analyzed period aimed at optimizing the portfolio, improving cash flows and stabilizing financial performance in a difficult economic context.

More details can be found in the Financial Statements and in the Explanatory Notes thereto.

3.2. REVENUE STRUCTURE

The turnover structure reflects the strategic process of repositioning the company's activity, with a focus on consolidating the rental segment and resizing the production activity taking into account the competitive environment in the markets in which the group operates.

In 2025, the main contribution to turnover was generated by the rental activity, while the goods production segment had a significantly reduced share, in line with the efficiency and optimization measures implemented starting with 2024.



Rental activity

The group manages a total leasable area (GLA) of approximately 60,400 sqm (including common spaces) located in Bucharest, Calea Rahovei no. 266–268, as well as approximately 3,400 sqm in Vârteju, Magurele city, Ilfov County.

On December 31, 2025, the occupancy rate was 51% for the property in Calea Rahovei no. 266–268, Bucharest, and 83% for the property in Vârteju. Compared to the end of the 2024 financial year, the total leased area at the end of 2025 decreased by 2%.

Throughout 2025, the Group had approximately 300 tenants. The top 10 tenants, by share in rental income, generated about 35% of this total revenue, while the top 20 contributed about 48%, highlighting a moderate degree of portfolio concentration.

The structure of the use of the leased spaces at the end of 2025 was as follows:

- storage spaces – 30%;
- office spaces – 27%;
- service spaces – 25%;
- spaces for production – 18%.

In 2025, the rental activity represented the main operational segment of the Group. The implemented strategy aimed at increasing profitability and strengthening financial performance, by:

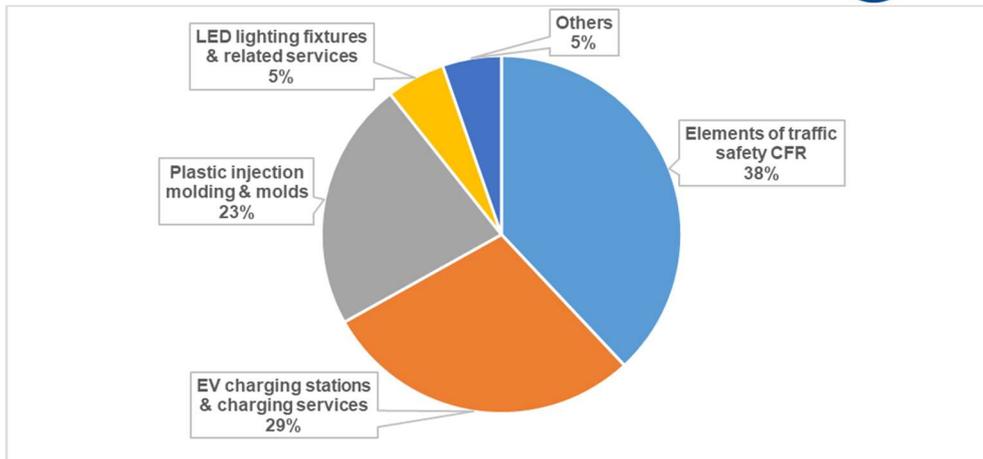
- optimization of operational costs;
- efficient management of resources;
- attracting and maintaining tenants with a stable profile and adequate creditworthiness.

As of 31.12.2025, following the cessation of the use of real estate for own production purposes, they were reclassified from the category of property, plant and equipment to the category of investment property, in accordance with International Financial Reporting Standards (IFRS) and applicable accounting policies.

This reclassification reflects the change in the destination of assets, which are held mainly for the purpose of obtaining rental income and/or increasing the value of capital, without there being an active sale plan. The transfer was made at fair value determined on the basis of an independent valuation report as at 31 December 2025.

Production of goods

The share of the main product groups in the turnover related to the production of goods (excluding services) is presented below:



In 2025, the Group continued the process of streamlining its production activity by aligning the production of LED lighting fixtures and systems and electric vehicle charging stations with the level of demand, optimizing inventory management and targeting partners with shorter collection periods (0–90 days), in order to improve cash flows and predictability of receipts.

Given the significant level of inventories of electric vehicle charging stations and LED lighting products, the Group focused on capitalizing on existing inventories and managing contracts in force with various public authorities, without allocating resources for the production of such goods. At the end of the 2025 financial year, the Group held exclusively inventories of finished products intended for sale. Part of the inventories of LED lighting fixtures is maintained in the form of a buffer inventories, intended for possible replacements during the warranty period related to the products already marketed to the public authorities with which the group has contracts in force.

As for the activity related to railway traffic safety elements, it was affected by the slow pace of railway infrastructure modernization projects, the final beneficiary being CFR Infrastructură. In this context, the Group 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 a competitive open outcry tender, organized on September 26, 2025. The measure is part of the strategy of focusing on activities with sustainable potential and generating added value.

Electricity production and supply

In 2024, the Group'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 Group in the auction held on August 7, 2024.

In 2025, the Group did not make purchases of electricity for the supply activity, which is why it did not generate revenues from this activity.

3.3. HUMAN RESOURCES AND OHS & ENVIRONMENTAL COMPLIANCE

In 2025, the average number of employees was 60, the reduction in staff being determined by the consolidation of internal processes and the optimization of the portfolio of activities, in order to increase profitability and stabilize financial performance. Relations between management and employees were conducted under normal conditions, without significant conflicts.

At the same time, the Group ensured compliance with the legal requirements on environmental protection and occupational health and safety, properly managing waste and fulfilling reporting obligations. The monitoring of environmental factors and prevention measures in the field of OSH have been maintained at the standards imposed by the regulations in force, without the registration of any relevant incidents.

4. MAIN EVENTS WITH SIGNIFICANT IMPACT ON THE FUNCTIONING OF THE PARENT COMPANY

In the year 2025, several events took place, the most important being exposed below, in chronological order:

14.02.2025	Termination of the mandate of Commercial Director Robert - Ștefan Ion (last day of the mandate being 13.02.2025).
19.02.2025	Steps regarding the sale of Plastic Injection Machine.
28.04.2025	Holding of the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders. The financial statements, the change of the main object of activity of the company, the acquisition, alienation, exchange or security of assets in the category of fixed assets of the company, whose value, individually or cumulatively, is no more than 50% of the total fixed assets, minus receivables, are approved.
30.04.2025	Steps regarding the sale of electric car charging stations.
15.05.2025	Publication of the report for the first quarter of 2025
12.05.2025	Steps regarding the sale of real estate (land located in Bucharest, 23-37 Petre Ispirescu Street).
12.06.2025	Conclusion of the deed regarding the sale of real estate (land located in Bucharest, 23-37 Petre Ispirescu Street).
21.05.2025	Appointment of Deputy General Manager - George - Alin Ștefan (starting with May 22, 2025)
27.06.2025	Termination of mandate of the General Manager - Daniela Cucu (last day being June 30, 2025) / Appointment of General Manager - George - Alin Ștefan (starting with July 1, 2025).
10.07.2025	Steps regarding the sale of SMD line.
15.07.2025	Electromagnetica subsidiary Prestserv S.R.L.
04.08.2025	Subscription of bonds issued by PK Development Holding S.A.
18.08.2025	Publication of the report for the first semester of 2025
26.09.2025	Relay production line for sale.
08.10.2025	Conclusion of the deed regarding the sale of the relay production line.
17.11.2025	Publication of the report for the third quarter of 2025
31.12.2025	Early repayment of corporate bonds PK Development Holding S.A.

Detailed information is available at:

<https://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=ELMA>

5. RISK MANAGEMENT OBJECTIVES AND POLICIES. RISK FACTORS

The Group's risk management policy includes all the principles, procedures and control mechanisms necessary to identify, assess, monitor and manage significant risks that may influence the achievement of strategic objectives and the performance of the activities under conditions of efficiency and legal compliance.

Risk management is an essential component of corporate governance and is integrated into current decision-making processes, being adapted to the specifics of the activities carried out within the Electromagnetica Group.

The main categories of risks identified are:

- market risk;
- credit risk (non-payment);
- liquidity and cash-flow risk;
- operational risk (including legal and compliance);
- data protection and processing risk;
- sanctions risk;
- litigation risk;
- risks covered by insurance policies.

Market risk

Market risk is the risk of incurring losses as a result of adverse developments in market variables, such as interest rates, exchange rates, commodity prices or selling prices of goods and services.

The Group continuously monitors macroeconomic and sector developments, with the objective of maintaining a balance between profitability and the risk associated with the activities carried out.

Currency risk

Currency risk is the risk of losses arising from exchange rate fluctuations. The Group's exposure is limited, as the majority of supplies and transactions are carried out in the domestic market.

In order to mitigate the impact of exchange rate fluctuations, the Group correlates the timing of payments with that of foreign currency receipts and permanently monitors foreign exchange positions. Typically, cash flows generate a surplus that helps mitigate currency risk. No derivatives are used to hedge this risk.

Risk of non-payment

Credit risk consists of the possibility that the contractual partners will not meet their obligations, generating financial losses. Trade receivables come from a diverse number of customers, mainly public authorities or economic agents active in various fields.

The Group applies prudent partner selection policies and, where market practice allows, requires contractual guarantees. It also continuously monitors the situation of receivables and takes steps to recover them, including notifications, court actions (payment orders) and, where appropriate, enforcement.

The exposure to credit risk is reviewed periodically, and impairment adjustments for receivables are recognized in accordance with the applicable accounting regulations.

Liquidity and cash-flow risk

Liquidity risk is the risk that the Group will not be able to meet its payment obligations at maturity.

The management of this risk is achieved by:

- developing cash flow forecasts;
- maintaining an adequate level of liquidity buffers;
- monitoring the maturities of receivables and debts;
- setting investment priorities according to available resources.

The investments were made mainly from its own sources, depending on the current needs of the Electromagnetica S.A. group and sectors considered profitable or developing. Liquidity risk is closely correlated with market and credit risks and is monitored as part of the integrated risk management system.

Data protection and processing risk

This risk may arise from situations such as accidental loss or modification of data, as well as unauthorized access to personal data. Regardless of the basis of processing, Electromagnetica Group complies with the obligations set out in the General Data Protection Regulation (GDPR) – Regulation (EU) 2016/679 including the obligation to inform the data subject, at the time of data collection.

Risk of sanctions

The Group manages this risk through preventive actions. This involves, among other things, monitoring legislative changes and informing employees, participating in courses and seminars (labor law, competition law, GDPR - personal data protection, risk management and corporate governance, etc.).

Litigation risk

The Group is involved in disputes specific to its day-to-day activities, but their values are not likely to affect financial stability. In most cases, the Group has the status of creditor.

For all pending cases, including those concerning companies in insolvency or bankruptcy, legal positions are formulated and legal steps to protect the Group's interests are actively pursued.

Risks covered by insurance policies

In order to mitigate the impact of unforeseen events, the Group concludes appropriate insurance policies, which may cover, as the case may be: the risk of natural disasters, the risk of accidental damage, the risk of business interruption, the risk of injury to exposed employees, the protection of assets through insurance, liability to third parties, liability as a manufacturer, professional liability for some professions, directors' liability.

6. PERSPECTIVE ELEMENTS

In 2026, the Group expects to increase the occupancy rate of the premises by identifying new rental opportunities, including by arranging additional surfaces, as well as by updating rents according to market developments.

The Electromagnetica Group will also continue to maintain a low level of production activity, focusing mainly on the efficient capitalization of existing products in inventories, with a focus on LED lighting systems and electric vehicle charging stations and the management of contracts concluded with public authorities. The Group's priority will be to optimize the sales process and reduce the costs associated with storage through commercial and logistics efficiency measures.

The Group's investments in 2026 will be mainly oriented towards maintenance and modernization activities, most of the projects being planned at the headquarters of Electromagnetica S.A. in Bucharest.

7. CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2025

7.1 Financial position

	December 31 2025	December 31 2024
ASSETS		
Non-current assets		
Property, plant and equipment	56,167,055	298,383,201
Investment property	173,052,674	24,903,878
Intangible assets	163,894	360,237
Other non-current assets	2,851,070	4,519,717
Rights of use assets	-	27,996
Total non-current assets	232,234,693	328,195,029
Current assets		
Inventories	1,284,983	7,308,363
Trade receivables	6,559,303	12,933,198
Cash and cash equivalents	101,156,925	75,704,694
Deposits in banks	173,642	10,000,000
Other current assets	10,069,087	3,320,621
Assets classified as held for sale	-	841,296
Current income tax receivables	1,233,974	1,676,704
Total current assets	120,477,914	111,784,876
Total assets	352,712,607	439,979,905
EQUITY AND LIABILITIES		
Equity		
Share capital	67,603,870	67,603,870
Reserves and other equity items	153,787,097	223,797,142
Retained earnings	103,732,098	101,385,735
Total equity attributable to equity holders of the parent company	325,123,065	392,786,747
Non-controlling interests	273,765	342,253
Total equity	325,396,830	393,129,000
Long-term liabilities		
Trade and other payables	2,893,237	1,717,399
Deferred income tax liabilities	15,369,118	29,214,286
Lease liabilities	139,819	187,608
Total long-term liabilities	18,402,174	31,119,293
Current liabilities		
Trade and other payables	7,456,223	13,148,776
Provisions	1,411,452	2,511,532
Lease liabilities	45,928	71,304
Total current liabilities	8,913,603	15,731,612
Total liabilities	27,315,777	46,850,905
Total equity and liabilities	352,712,607	439,979,905

7.2 Profit or loss result

	Period of 12 months ended December 31 2025	Period of 12 months ended December 31 2024
Revenue	29,266,489	97,670,343
Net result from the revaluation of investment property	(12,377,851)	1,334,586
Other net income and expenses	(685,141)	3,139,468
Variation in the inventory of finished products and production in progress	(1,443,584)	(2,447,031)
Expenses on raw materials and consumables	(4,172,770)	(56,061,510)
Employees benefits expenses	(9,443,081)	(26,257,762)
Depreciation and amortization expenses	(12,385,020)	(9,682,080)
Other expenses	(14,901,048)	(16,231,672)
Financial income	10,194,530	1,998,133
Financial expenses	(136,733)	(135,104)
Profit / (Loss) before tax	(16,084,209)	(6,672,629)
Corporate income tax	3,334,113	(4,321,350)
Profit / (Loss) for the period	(12,750,096)	(10,993,979)

7.3 Cash flow situation

	Period of 12 months ended December 31 2025	Period of 12 months ended December 31 2024
Net cash from operating activities	17,479,905	10,895,027
Net cash used in investment activities	13,071,736	34,120,607
Net cash used in financing activities	(5,099,410)	(199,119)
Net increase/(decrease) of cash and cash equivalents	25,452,231	44,816,515
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	101,156,925	75,704,694

8. PARENT COMPANY'S CONTRIBUTION TO THE GROUP'S RESULT

The table below shows the significant share of the parent company in the consolidated results:

	December 31, 2025			December 31, 2024		
	Group	The parent company	% Parent company	Group	The parent company	% Parent company
	RON	RON		RON	RON	
Non-current assets	232,234,693	230,958,022	99.45%	328,195,029	322,667,295	98.32%
Current assets	120,477,914	117,978,784	97.93%	111,784,876	109,521,681	97.98%
Equity attributable to the company's shareholders	325,123,065	319,530,643	98.28%	392,786,747	384,722,511	97.95%
Long-term liabilities	18,402,174	19,689,849	107.00%	31,119,293	31,358,324	100.77%
Current liabilities	8,913,603	9,716,314	109.01%	15,731,612	16,108,141	102.39%
Revenue	29,266,489	29,317,963	100.18%	97,670,343	97,667,983	100.00%
Profit / (Loss) for the period	(12,750,096)	(10,728,051)	84.14%	(10,993,979)	(7,407,144)	67.37%

9. SUBSEQUENT EVENTS

By decision adopted on 15.01.2026, the parent company approved the appointment of Mr. Mihai Odoviciuc as Deputy General Manager, effective as of 01.02.2026.

Between 21.01.2026 – 03.02.2026, the parent company carried out a public offer for the purchase of its own shares, based on the A.S.F. Decision no. 25/15.01.2026, issued in accordance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations. The offer was completed with the acquisition of 12,230,815 treasury shares, representing 1.8092% of the share capital.

At the meeting of the Board of Directors of Electromagnetica S.A. on 10.02.2026, the registration of the updated value of property, plant and equipment and investment property as of 31.12.2025 in the amount of RON 219,789,868 was approved, resulting in a total negative net revaluation difference of RON 77,804,415 compared to the value prior to the revaluation of RON 297,594,283.

Also, at the meeting of 10.02.2026, in accordance with the accounting policy manual, the Board of Directors of Electromagnetica S.A. approved the reclassification on 31.12.2025 from property, plant and equipment to investment property of assets worth RON 160,526,647, representing buildings and land.

Also, on 25.02.2026, at the headquarters in Bucharest, Calea Rahovei no. 266–268, sector 5, a competitive auction was organized, in which a series of assets from the company's patrimony were awarded, at the total price of EUR 115,000, to which is added VAT. The sale-purchase contract was signed with the successful bidder.

On 27.02.2026, Electromagnetica S.A. published on its website and on the website of the Bucharest Stock Exchange the preliminary financial results for 2025.

10. DIVIDEND POLICY

Electromagnetica S.A.:

Given that, in 2025, there was a negative result, the Board of Directors' proposal is to cover the loss by using the "other reserves" account.

Procetel S.A.:

In the context of the dissolution and liquidation process, the dividend policy will be adapted according to the evolution of this process. In this regard, the distribution of dividends will be suspended until the liquidation process is completed, given that their assets and liabilities will be managed according to legal procedures.

NOTE: This material presents only the elements characteristic of the consolidated situations, namely those related to the group of companies controlled by Electromagnetica S.A. As the group's activity is mostly determined by the activity of the parent company, all other aspects described in the *Administrators' Report – Separate Statements* are also valid for the *Administrators' Report – Consolidated Statements*, without being repeated in this material.

Chairman of the Board of Directors

Daniela – Adi Cucu

General Manager

George – Alin Ștefan

Chief Accountant

Maria Gârzu



DECLARATION

By this present document, we confirm that, to the best of our knowledge, the annual financial statements, prepared in accordance with the applicable accounting standards, provide a true and fair view of the assets, liabilities, financial position, and profit and loss account of Electromagnetica S.A. and its subsidiaries included in the process of consolidating the financial statements, as a whole, and that the Board of Directors' report includes a correct analysis of the development and performance of Electromagnetica S.A. and the companies involved in the consolidation.

We also confirm that:

- the accounting policies applied in the preparation of the consolidated annual financial statements are in accordance with the applicable accounting regulations;
- the consolidated annual financial statements give a true and fair view of the financial position, financial performance, and other information relating to the activities of the group.

Chair of the Board
Daniela – Adi Cucu

General Manager
George – Alin Ștefan

Chief Accountant
Maria Gârzu



ELECTROMAGNETICA S.A.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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

and

according to the provisions of art.63 of Law 24/2017, Annex 15 to ASF Regulation no. 5/2018 and the BVB Code

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
ELECTROMAGNETICA S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of ELECTROMAGNETICA S.A. and its subsidiaries ("the Group"), with registered office in Bucharest, district 5, 266-268 Calea Rahovei, identified by unique tax registration code 414118, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.
2. The consolidated financial statements as at 31 December 2025 are identified as follows:
 - Net assets / Equity RON 325,396,830
 - Net loss for the financial year RON 12,750,096
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards ("MoPF 2844/2016").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (herein after referred to as "the Regulation") and Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (herein after referred to as "the Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Romania, including the Regulation and the Law 162/2017. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key matters to be communicated in our report.

Other Information

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' consolidated report and the Remuneration report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements for the year ended 31 December 2025, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other reporting responsibilities with respect to other information – Administrators’ consolidated report

With respect to the Administrators’ consolidated report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of MoPF 2844/2016.

On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

- a) the information included in the Administrators’ consolidated report for the financial year for which the consolidated financial statements have been prepared, is consistent, in all material respects, with the consolidated financial statements;
- b) the Administrators’ consolidated report has been prepared, in all material respects, in accordance with the provisions of MoPF 2844/2016.

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the financial statements prepared at 31 December 2025, we are required to report if we have identified a material misstatement of this Administrators’ consolidated report. We have nothing to report in this regard.

Other reporting responsibilities with respect to other information – Remuneration report

With respect to the Remuneration report, we read it to determine if it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of Law 24/2017 regarding the issuers of financial instruments and market operations, republished. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with MoPF 2844/2016 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We were appointed by the General Meeting of Shareholders on 18 April 2025 to audit the financial statements of ELECTROMAGNETICA S.A. for the financial year ended 31 December 2025. The uninterrupted total duration of our commitment is 10 years, covering the financial years ended 31 December 2016 until 31 December 2025.

Report on the Information Regarding Income Tax

16. For the financial year preceding the financial year for which the financial statements were prepared, the Group was not required under MoPF 2844, articles 602 - 606, to publish a report on income tax information.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Group that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- No non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Răzvan Ungureanu.

Report on compliance with the Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements ("Law 162/2017"), and Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

17. We have undertaken a reasonable assurance engagement on the compliance with Law 162/2017, and Commission Delegated Regulation (EU) 2019/815 applicable to the financial statements included in the annual financial report of ELECTROMAGNETICA S.A. ("**the Company**") as presented in the digital files which contain the unique LEI code 254900MYW7D8IGEFRG38 ("**Digital Files**").

(I) *Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF*

Management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;
- the selection and application of appropriate iXBRL mark-ups;
- ensuring consistency between the Digital Files and the consolidated financial statements to be submitted in accordance with Order 2844/2016.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(II) Auditor's Responsibilities for Audit of the Digital Files

Our responsibility is to express a conclusion on whether the consolidated financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

Our firm applies International Standard on Quality Management 1 ("ISQM1"), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files including the marked-up data with the audited consolidated financial statements of the Company to be submitted in accordance with Order 2844/2016;
- evaluating if all financial statements contained in the consolidated annual report have been prepared in a valid XHTML format;
- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the consolidated financial statements for the year ended 31 December 2025 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our opinion relating to the consolidated financial statements of the Company for the year ended 31 December 2025 is set out in the "*Report on the audit of the consolidated financial statements*" section above.

Răzvan Ungureanu, Audit Partner

*For signature, please refer to the original
Romanian version.*

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under AF 4866*

On behalf of:

DELOITTE AUDIT SRL

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under FA 25*

The Mark Building, 84-98 and 100-102 Calea Griviței, 9th Floor, District 1
Bucharest, Romania
18 March 2026

ELECTROMAGNETICA S.A.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in RON, unless otherwise specified)

	Note	Period of 12 months ended December 31 2025	Period of 12 months ended December 31 2024
Revenue	20	29,266,489	97,670,343
Net result from the revaluation of investment property	6	(12,377,851)	1,334,586
Other net income and expenses	20	(685,141)	3,139,468
Variation in the inventory of finished products and production in progress		(1,443,584)	(2,447,031)
Expenses on raw materials and consumables	21	(4,172,770)	(56,061,510)
Employees benefits expenses	21,24	(9,443,081)	(26,257,762)
Depreciation and amortization expenses	21	(12,385,020)	(9,682,080)
Other expenses	21	(14,901,048)	(16,231,672)
Financial income	22	10,194,530	1,998,133
Financial expenses	22	(136,733)	(135,104)
Profit / (Loss) before tax		(16,084,209)	(6,672,629)
Corporate income tax	23	3,334,113	(4,321,350)
Profit / (Loss) for the period		(12,750,096)	(10,993,979)
Other comprehensive income:		(54,535,111)	46,461,440
<i>Items that will not be reclassified to profit or loss:</i>			
- Increases/(decreases) of the reserve from the revaluation of property, plant and equipment, net of tax		(54,535,111)	46,461,440
Total comprehensive income		(67,285,207)	35,467,461
Profit / (Loss) of the attributable period:			
Shareholders of the parent company		(12,681,608)	(11,065,339)
Non-controlling interests		(68,488)	71,360
Basic/diluted earnings per share	26	(0.0188)	(0.0164)

These consolidated financial statements have been approved to be issued by management at **March 18, 2026**:

GEORGE – ALIN ȘTEFAN

General Manager

MARIA GÂRZU

Chief Accountant

ELECTROMAGNETICA S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025
(all amounts are expressed in RON, unless otherwise specified)

	Note	December 31 2025	December 31 2024
ASSETS			
Non-current assets			
Property, plant and equipment	5	56,167,055	298,383,201
Investment property	6	173,052,674	24,903,878
Intangible assets	7	163,894	360,237
Other non-current assets	9	2,851,070	4,519,717
Rights of use assets	8	-	27,996
Total non-current assets		232,234,693	328,195,029
Current assets			
Inventories	10	1,284,983	7,308,363
Trade receivables	11	6,559,303	12,933,198
Cash and cash equivalents	13	101,156,925	75,704,694
Deposits in banks	13	173,642	10,000,000
Other current assets	12	10,069,087	3,320,621
Assets classified as held for sale		-	841,296
Current income tax receivables	23	1,233,974	1,676,704
Total current assets		120,477,914	111,784,876
Total assets		352,712,607	439,979,905
EQUITY AND LIABILITIES			
Equity			
Share capital	14	67,603,870	67,603,870
Reserves and other equity items	15	153,787,097	223,797,142
Retained earnings	16	103,732,098	101,385,735
Total equity attributable to equity holders of the parent company		325,123,065	392,786,747
Non-controlling interests		273,765	342,253
Total equity		325,396,830	393,129,000
Long-term liabilities			
Trade and other payables	18	2,893,237	1,717,399
Deferred income tax liabilities	23	15,369,118	29,214,286
Lease liabilities		139,819	187,608
Total long-term liabilities		18,402,174	31,119,293
Current liabilities			
Trade and other payables	18	7,456,223	13,148,776
Provisions	17	1,411,452	2,511,532
Lease liabilities		45,928	71,304
Total current liabilities		8,913,603	15,731,612
Total liabilities		27,315,777	46,850,905
Total equity and liabilities		352,712,607	439,979,905

These consolidated financial statements have been approved to be issued by management at **March 18, 2026**:

GEORGE – ALIN ȘTEFAN

General Manager

MARIA GÂRZU

Chief Accountant

ELECTROMAGNETICA S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in RON, unless otherwise specified)

	Period of 12 months ended December 31 2025	Period of 12 months ended December 31 2024
Profit/(loss) for the period	(12,750,096)	(10,993,979)
Adjustments for:		
Net movement of provisions and impairment adjustments for:		
- inventories	4,417,995	5,011,322
- receivables	(957,819)	(3,261,991)
- employee benefits	(183,171)	(71,460)
- provisions for warranties	(916,909)	1,177,556
Depreciation and amortization of non-current assets, including reversals	8,579,564	8,431,626
Income from subsidiaries	-	(3,920,652)
Revaluation of property, plant and equipment and investment property	16,183,307	(84,132)
Net gains on disposal of non-current assets	(1,262,088)	(1,169,524)
Loss on derecognition of property, plant and equipment	700,466	-
Interest expense	22,518	12,503
Interest income	(9,651,874)	(1,905,780)
Deferred tax expense (income)	(3,900,493)	4,183,024
Corporate income tax expense	566,380	138,326
Cash generated by operating activities before changes in working capital	847,780	(2,453,161)
Payments for deposits made over a period of more than 3 months	-	(10,000,000)
Receipts from deposits made over a period of more than 3 months	9,826,358	-
(Increase)/decrease in inventories	1,605,385	6,434,304
(Increase)/decrease in receivables and other assets	7,270,559	27,883,657
Increase/(decrease) of liabilities	(1,899,569)	(10,852,575)
Corporate income tax paid	(170,608)	(117,198)
Net cash from operating activities	17,479,905	10,895,027
Cash flows from investment activities		
Purchase of tangibles assets	(79,489)	(1,412,612)
Proceeds from the sale of tangibles assets	3,504,595	33,627,439
Interest accrued	9,646,630	1,905,780
Net cash used in investment activities	13,071,736	34,120,607
Cash flows from financing activities		
Payments related to the guarantee of the share buyback plan	(5,000,000)	-
Repayment of lease liability	(70,039)	(144,466)
Interest paid	(22,518)	(12,503)
Dividends paid	(6,853)	(42,150)
Net cash used in financing activities	(5,099,410)	(199,119)
Net increase/(decrease) of cash and cash equivalents	25,452,231	44,816,515
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	101,156,925	75,704,694

These consolidated financial statements have been approved to be issued by management at **March 18, 2026**:

GEORGE – ALIN ȘTEFAN

General Manager

MARIA GÂRZU

Chief Accountant

The attached notes are an integral part of the consolidated financial statements.

ELECTROMAGNETICA S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025
(all amounts are expressed in RON, unless otherwise specified)

	Share capital	Retained earnings	Reserves from the revaluation of property, plant and equipment, net of deferred tax	Other elements	Legal reserves	Non- controlling interests	Total equity
Balance as of January 01, 2025	67,603,870	101,385,735	163,040,115	48,193,085	12,563,942	342,253	393,129,000
Comprehensive income for the financial year:							
Profit or loss for the financial year	-	(12,681,608)	-	-	-	(68,488)	(12,750,096)
Other comprehensive income:	-	15,474,934	(62,580,901)	(7,407,144)	(22,000)	-	(54,535,111)
Surplus / (decrease) net from revaluation of property, plant and equipment, net of deferred tax	-	-	(54,535,111)	-	-	-	(54,535,111)
Transfer of reserve from revaluation to retained earnings	-	8,041,851	(8,041,851)	-	-	-	-
Transfer of other reserves to deferred earnings	-	25,939	(3,939)	-	(22,000)	-	-
Coverage of accumulated losses from reserves	-	7,407,144	-	(7,407,144)	-	-	-
Total comprehensive income for the financial year:	-	2,793,326	(62,580,901)	(7,407,144)	(22,000)	(68,488)	(67,285,207)
Other elements	-	(446,963)	-	-	-	-	(446,963)
Balance as of December 31, 2025	67,603,870	103,732,098	100,459,214	40,785,941	12,541,942	273,765	325,396,830

These consolidated financial statements have been approved to be issued by management at **March 18, 2026**:

GEORGE – ALIN ȘTEFAN

General Manager

MARIA GÂRZU

Chief Accountant

The attached notes are an integral part of the consolidated financial statements.

ELECTROMAGNETICA S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025
(all amounts are expressed in RON, unless otherwise specified)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Revaluation reserves of property, plant and equipment</u>	<u>Other elements</u>	<u>Legal reserves</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
Comprehensive income for the financial year:								
Profit or loss for the financial year	-	(11,065,339)	-	-	-	-	71,360	(10,993,979)
Other comprehensive income:	-	40,475,068	46,757,182	(33,178,256)	-	(7,592,554)	-	46,461,440
Net surplus from revaluation of property, plant and equipment	-	-	55,198,510	-	-	-	-	55,198,510
Deferred tax result related to revaluation	-	-	-	-	-	(8,737,070)	-	(8,737,070)
Establishment of legal reserve and other reserves	-	-	-	-	-	-	-	-
Transfer of revaluation reserve to retained earnings as a result of depreciation and write-down of revalued property, plant and equipment	-	8,441,328	(8,441,328)	-	-	-	-	-
Transfer of tax related to reserve from revaluation to retained earnings	-	(1,144,516)	-	-	-	1,144,516	-	-
Coverage of accumulated losses from reserves	-	33,178,256	-	(33,178,256)	-	-	-	-
Total comprehensive income for the financial year:	-	29,409,729	46,757,182	(33,178,256)	-	(7,592,554)	71,360	35,467,461
Dividends distributed	-	-	-	-	-	-	(121,516)	(121,516)
Other elements	-	-	-	-	-	-	-	-
Balance as of December 31, 2024	67,603,870	101,385,735	194,148,177	48,193,085	12,563,942	(31,108,062)	342,253	393,129,000

These consolidated financial statements have been approved to be issued by management at **March 18, 2026**:

GEORGE – ALIN ȘTEFAN

General Manager

MARIA GÂRZU

Chief Accountant

The attached notes are an integral part of the consolidated financial statements.

ELECTROMAGNETICA S.A.
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(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 as well as Law no. 24/2017 on issuers of financial instruments and market operations and Regulation no. 5/2018 on issuers of financial instruments and market operations.

The parent company has its registered office in Bucharest, Calea Rahovei nr. 266-268, sector 5, Bucharest, Romania, postal code 64021, telephone 021.404.21.01, 021.404.21.02, fax 021.404.21.95, [website www.electromagnetica.ro](http://www.electromagnetica.ro), unique registration code RO 414118, registration number with the Trade Register J1991000019408.

The share capital of the parent company 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 J40/10437/1991, CUI 406212, tel: 031.700.26.14, fax: 031.700.26.16. Procetel SA is a closed joint stock company (the shares are not traded on the 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, the date of dissolution being set at 30 days from the publication of the Decision of the General Shareholders' Meeting in the Official Gazette.

On July 21, 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. As of 31.12.2025, the trial was ongoing.

Electromagnetica Prestserv S.R.L. was a limited liability company headquartered 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 under 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 shareholder 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 shareholder 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.
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(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 December 31, 2025 and December 31, 2024 are as follows:

December 31, 2025

Subsidiary name	Number of shares	Ownership and voting rights (%)
Procetel S.A.	42,483	96.548%

December 31, 2024

Subsidiary name	Number of shares	Ownership and voting rights (%)
Electromagnetica Prestserv S.R.L.	300	100%
Electromagnetica Fire S.R.L.	800	100%
Procetel S.A.	42,483	96.548%

2. BASICS OF PREPARATION

Declaration of conformity

The consolidated financial statements of the Electromagnetica Group together with its subsidiaries have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") in force on the reporting date of the parent company, respectively December 31, 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 financial statements are available on the website www.electromagnetica.ro within the applicable legal deadline.

Basis of preparation

The consolidated financial statements are prepared on the basis of the fair value convention for property, plant and equipment (land and buildings) and investment property. Other financial assets and liabilities, as well as non-financial assets and liabilities, are presented at amortised cost or historical cost.

Basis of consolidation

The Group records the accounting records in RON and prepares its consolidated financial statements in accordance with IFRS.

The consolidated financial statements include the financial statements of Electromagnetica S.A. (the parent company) and entities controlled by Electromagnetica S.A. (together the "Group"). Control is obtained when the Company has control over the entity in which it has invested, when it has exposure or rights to variable results based on its participation in the entity in which it has invested, and has the ability to use its authority over the entity in which it has invested to influence the value of results.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive results from the effective date of the acquisition or until the effective date of disposal, as the case may be.

Where necessary, adjustments are made to the financial statements of the subsidiaries to align their accounting policies with those applied by the parent company.

All intra-group transactions, balances, revenues and expenses were fully eliminated on consolidation.

ELECTROMAGNETICA S.A.
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in RON, unless otherwise specified)

2. BASICS OF PREPARATION (continued)

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the value of those interests at the date of the initial business combination and the minority share of changes in equity at the date of the combination.

The Group will also attribute the total overall result to the owners of the parent company and to non-controlling interests, even if a deficit of non-controlling interests results.

Business continuity principle

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

Functional and presentation currency

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

Foreign currency

Transactions denominated in foreign currency are recorded in RON at the official exchange rate from the date of settlement of the transaction. Monetary assets and liabilities recorded in foreign currencies at the date of preparation of the 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:

	December 31 2025	December 31 2024
Closing EUR exchange rate	5.0985	4.9741
Closing USD exchange rate	4.3417	4.7768

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 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 of fixed assets, estimation of the useful life of fixed assets, for adjusting the impairment of receivables and inventories, for provisions, for the recognition of deferred tax claims.

By their nature, unforeseen situations will only be clarified when one or more future events occur or not. 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.
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2025
(all amounts are expressed in RON, unless otherwise specified)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Amendments to the IFRS accounting standard, which are in force for the current year

This year, the Group has applied amendments to IAS 21 "Lack of convertibility" issued by the International Accounting Standards Board (IASB) that are mandatory for reporting periods on or after January 1, 2025. The adoption of these amendments did not have a significant impact on the information to be provided or on the amounts reported in these financial statements.

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.

Accounting Standard	Title	Effective date set by the IASB
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and valuation of financial instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts that refer to electricity dependent on natural conditions	January 1, 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

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 the IFRS accounting standards adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, which have not been adopted by the EU at the date of authorisation of these financial statements.

Accounting Standard	Title	Status of EU adoption
IFRS 18	Disclosures and Disclosures in Financial Statements (IASB Effective Date: January 1, 2027)	Not yet adopted by the EU
IFRS 19 as amended	Non-public liability subsidiaries: information to be provided (effective date set by the IASB: January 1, 2027)	Not yet adopted by the EU
Amendments to IAS 21	Transition to a hyperinflationary presentation currency (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 by the IASB: 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.

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

BRIEF DESCRIPTION OF NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

- **IFRS 18 Presentation and Disclosures in Financial Statements** issued by the IASB on April 9, 2024 will replace IAS 1 Presentation of Financial Statements. The standard introduces three sets of new requirements for companies to improve their financial performance reporting and to give investors a better basis for analysing and comparing companies. The main changes in the new standard compared to IAS 1 relate to: (a) the introduction of categories (operating, investment, financing, corporate income tax and discontinued transactions) and sub-totals defined in the statement of profit or loss; (b) introducing requirements to improve aggregations and disaggregations; (c) the introduction of information on Performance Measures Determined by Management (MPCs) in the notes to the financial statements.
- **IFRS 19 Non-Public Liability Subsidiaries: Disclosures to Be Provided** issued by the IASB on May 9, 2024 and amended by the IASB on August 21, 2025. The standard allows subsidiaries to provide restricted information when applying IFRS Accounting Standards in financial statements. IFRS 19 is optional for eligible subsidiaries and sets out disclosure requirements for subsidiaries that choose to apply it.
- **Amendments to IAS 21 Effects of Foreign Exchange Rate Changes – Lack of Convertibility** issued by the IASB on August 15, 2023. The amendments contain guidance for entities to indicate when a currency is convertible and how to determine the exchange rate when it is not convertible.
- **Amendments to IAS 21 Effects of Exchange Rate Changes: Transition to a Hyperinflationary Presentation Currency** issued by the IASB on November 13, 2025. The amendments clarify how companies need to move from a non-hyperinflationary currency to a hyperinflationary currency in their financial statements.
- **Amendments to IFRS 9 and IFRS 7 - Amendments to the classification and measurement of financial instruments** issued by the IASB on May 30, 2024. The amendments clarify the classification of financial assets that have environmental, social, corporate governance (ESG) and similar characteristics. The amendments also clarify the date on which a financial asset or liability is derecognised and introduce additional disclosure requirements with respect to investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have contingent characteristics.
- **Amendments to IFRS 9 and IFRS 7 – Contracts Relating to Electricity Dependent on Natural Conditions** issued by the IASB on 18 December 2024. The own use requirements in IFRS 9 are amended to include factors that an entity must take into account when applying IFRS 9:2.4 to contracts for the purchase and supply of renewable electricity for which the source of electricity generation depends on natural conditions. The hedging accounting provisions of IFRS 9 are amended to allow an entity applying for a renewable electricity contract that is dependent on natural conditions specified as a hedging element to designate a variable volume of projected electricity transactions as the hedged instrument if certain criteria are met and to measure the hedged using the same volume assumptions as those used for the hedging element. The amendments to IFRS 7 and IFRS 19 will introduce disclosure requirements on electricity contracts dependent on natural conditions with certain specified characteristics.
- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 – Annual Improvements to IFRS Accounting Standards – Volume 11** issued by the IASB on July 18, 2024. These amendments include clarifications, simplifications, corrections and amendments in the following areas: (a) the hedging accounting adopted by an entity adopting the standards for the first time (IFRS 1); (b) the gain or loss on disposal (IFRS 7); (c) the presentation of the deferred difference between fair value and the trading price (IFRS 7); (d) the introduction and presentation of credit risk information (IFRS 7); (e) the removal of leasing liabilities from the register by the lessee (IFRS 9); (f) the trading price (IFRS 9); (g) the establishment of a 'de facto representative' (IFRS 10); (h) the cost-based method (IAS 7).
- **IFRS 14 Deferral Accounts for Regulated Activities** issued by the IASB on January 30, 2014. The purpose of this standard is to allow entities that are adopting IFRS for the first time, and that are currently recognising deferral accounts related to regulated activities under previous generally accepted accounting policies, to continue to do so when they transition to IFRS.
- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures- Sale of or contribution of assets between an investor and its associates or joint ventures**, issued by the IASB on September 11, 2014. The amendments resolve the contradiction between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, gains or losses are recognised when the assets sold or contributed represent an undertaking.

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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 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 represents 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:

- 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 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.

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:

- Level 1 inputs – 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 inputs – are entry 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-active markets);
- Level 3 inputs – this is unobservable input data for the asset or liability. The Group shall develop unobservable input data based on the best information available in the circumstances, data which may include the company's own data.

The Group's finance department determines the procedures applicable for both recurring fair value valuations such as investment property, property, plant and equipment where the fair value model is adopted.

External appraisers are involved in the valuation of property, plant and equipment and investment property. This involvement is determined annually by the Finance Department. The selection criteria include the appraiser's market knowledge, reputation, independence and whether professional standards are met.

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.

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.

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

4.1. Significant accounting policies (continued)

The value of the recognised asset will change whenever the value of the liability 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 20, where the Group's main revenue-generating activities are presented.

Income from other sources

Income from other sources includes income from commodity transactions 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 statement of profit or loss 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 lessee

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 assets (under 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.

Leasing liability

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.

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

4.1. Significant accounting policies (continued)

Leasing (continued)

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; or
- 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. Subsequently, they are 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	Amortization period (years)
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 property, plant and equipment and as investment property.

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, 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 current present value of the minimum lease payments that do not amount to the fair value of the property, that it substantially retains 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 statement of profit or loss for the period in which they occur.

Interest expenses are recorded using the effective interest method.

During the year ended December 31, 2025 and December 31, 2024 respectively, the Group did not capitalize interest expenses in the value of 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 statement of profit or loss 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 statement of profit or loss as the related service is provided.

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

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 statement of profit or loss 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 income tax liability is calculated using tax percentages that were provided by 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 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.

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

Currently, the tax losses generated by companies in Romania are recovered from the taxable profits made, up to and including 70%, 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 relate to the same entities 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 or 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, expenses related to 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 receivables and liabilities are recognised with VAT included, when the net amount to be paid or recovered from the tax authority is included in receivables or liabilities in *the Statement of Financial Position*.

Property, plant and equipment

Property, plant and equipment 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 property, plant and equipment 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 property, plant and equipment.

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

4.1. Significant accounting policies (continued)

Property, plant and equipment (continued)

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.

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

Property, plant and equipment 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.

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

Property, plant and equipment	<u>Duration (years)</u>
Buildings	20 - 100
Technological equipments	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 or Loss at the date of recognition.

Investment property

The Group's investment property 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, investment property are recognised in the fair value financial statements. Investment property 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.

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

4.1. Significant accounting policies (continued)

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.

Intangible assets generated internally - research and development expenses

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

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 or loss statement 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 or loss statement 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 lifespan, 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.

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

4.1. Significant accounting policies (continued)

Impairment of tangible and intangible assets (continued)

For assets representing tangible fixed assets if there is an indication or where 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 current market valuations of the value over time of money and the risks specific to the cash-generating asset or 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 or 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 or 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.

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. The costs of capital repair activities for micro-hydropower plants have also been capitalised. 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 in the normal course of business
- in the process of production for such a 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 statement of the profit or loss.

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

4.1. Significant accounting policies (continued)

Advance 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.

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 and guarantees. 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 or 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 3 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.

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

4.1. Significant accounting policies (continued)

Financial instruments (continued)

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. Electromagnetica S.A. holds 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 Group's trade receivables do not contain a financing component.

For receivables with a maturity of up to 90 days, Electromagnetica S.A. 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 ECL ("Estimated Credit Losses") expected). The valuation is carried out every six months and any change in the expected credit loss will be recorded as a gain or loss in the profit or loss statement. 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.

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.

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 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 liabilities

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.

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

4.1. Significant accounting policies (continued)

Financial instruments (continued)

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 has no 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 statement of profit or loss over the useful life of the assets to which they relate.

Provisions

Provisions are recognised when the Group has a present obligation (legal 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 and technical departments regarding the level of repair expenses within the warranty period. 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.

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

4.1. Significant accounting policies (continued)

Provisions (continued)

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 Electromagnetica SA are traded on the Bucharest Stock Exchange and that it applies IFRS, it is presented in the annual financial statements as well as in the interim reports made according to IAS 34 – Interim Financial Reporting, information about the business segments, their products and services and about the main customers.

In accordance with *IFRS 8 - Operating 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 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.

Dividend

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

4.2. Accounting judgments, estimates and assumptions

The consolidated financial statements have been prepared on the basis of historical cost, with the exception of fixed assets and investment property 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 related to the current period is recognized as income or expense in the current period. If any, the effect on future periods is recognised as income or expense in those future periods.

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

4.2. Accounting judgments, estimates and assumptions (continued)

The Group'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 investment property 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 or loss statement.

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 EQUIPMENT

Cost	Land and land improvements	Buildings	Technological equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Total
As of December 31, 2024	169,179,973	121,054,133	11,338,464	2,422,536	1,301,685	305,296,791
Inputs	133,202	599,423	124,063	64,170	59,250	980,108
- of which: revaluation	133,202	59,632	-	-	-	192,834
- of which: transfers	-	539,791	72,751	31,886	-	644,428
Outputs	(120,638,597)	(119,270,623)	(938,085)	(424,211)	(1,358,435)	(242,629,951)
- from the revaluation	(16,017,752)	(59,748,650)	-	-	-	(75,766,402)
- from transfer to investment property	(101,004,674)	(59,521,973)	-	-	-	(160,526,647)
- from transfers	-	-	-	-	(644,428)	(644,428)
As of December 31, 2025	48,674,578	2,382,933	10,524,442	2,062,495	2,500	63,646,948
Accumulated depreciation						
As of December 31, 2024	-	-	(4,136,160)	(653,635)	-	(4,789,795)
Depreciation of the year	(59,468)	(6,809,816)	(2,025,488)	(326,638)	-	(9,221,410)
Cumulative depreciation of outputs	59,468	6,809,816	518,605	419,697	-	7,807,586
- as a result of which the net value is determined	59,468	6,809,816	-	-	-	6,869,284
As of December 31, 2025	-	-	(5,643,043)	(560,576)	-	(6,203,619)
Impairment 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	-	-	847,521	-	-	847,521
As of December 31, 2025	-	-	(1,276,274)	-	-	(1,276,274)
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 December 31, 2025	48,674,578	2,382,933	3,605,125	1,501,919	2,500	56,167,055

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

Cost	Land and land improvements	Buildings	Technological equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Total
As of December 31, 2023	157,971,181	113,954,255	15,344,428	2,743,825	1,218,688	291,232,377
Inputs	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)
- 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	169,179,973	121,054,133	11,338,464	2,422,536	1,301,685	305,296,791
Accumulated 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
- as a result of which the net value is determined	59,468	4,888,058	-	-	-	4,947,526
As of December 31, 2024	-	-	(4,136,160)	(653,635)	-	(4,789,795)
Impairment 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 EQUIPMENT (continued)

As of December 31, 2025, property, plant and equipment decreased by 81% compared to December 31, 2024. This decrease is mainly due to the reclassification from property, plant and equipment to investment property and the periodic revaluation of the Group's assets.

For most buildings, the remaining useful life is between 26-69 years.

Fair value of property, plant and equipment

The Group's property, plant and equipment are represented by land and buildings machinery and equipment and furniture. The land, buildings and special constructions were assessed on 31 December 2025. The re-evaluation was carried out by an authorized appraiser, namely Darian DRS SA, a corporate member of ANEVAR.

Regarding the evaluation basis:

1. IAS 16 measurements – (property, plant and equipment, property, plant and equipment, held for the purpose of producing or supplying goods and services or for administrative purposes) – when an entity adopts the fair value revaluation option under IAS 16, the assets are included in the balance sheet at fair value as follows:
 - a. The fair value of land and buildings is usually determined on the basis of market information by valuation normally carried out by professionally qualified valuers. The fair value of property, plant and equipment is usually the market value determined by valuation.
 - b. If market information on the fair value of a specialised item of property, plant and equipment is not available and the item is rarely traded unless it is part of continuing business, an entity shall estimate the fair value of the specialised asset using the income approach or the net replacement cost approach.

The IVSC considers that a qualified valuer must report the market value of the asset when carrying out a valuation for this purpose.

2. IAS 40 – Investment Property Valuations – (real estate held for the purpose of renting out or increasing the value of capital) – where an entity chooses the fair value model for real estate investment accounting, the IVSC considers that the requirements of this model are met by the valuer in adopting the market value.

Thus, the Group's fixed assets were classified as tangible fixed assets held for the purpose of producing or supplying goods and services or for administrative purposes: land, buildings, special constructions owned by the company related to the locations, owned and operated by the Group.

The approaches applied in estimating the fair value of real estate were:

- Market approach – the method of direct comparisons for estimating the market value of land as well as residential properties (apartments). In the case of the site in Calea Rahovei, the method by subdivision and development was applied in the market approach, given its size.
- the cost approach, respectively the net replacement cost method for estimating the value of buildings. The results obtained under this method have been tested for depreciation.
- the income approach for estimating the market value of the properties located in Calea Rahovei, Vârteju Location, Veseliei Location, in order to test the depreciation. From the market value obtained for each property, the market value of the land was subtracted, and the difference was allocated to buildings.

Following the application of the income approach for testing the external depreciation, to be applied within the cost approach, for the site in Calea Rahovei it emerged that there is an external depreciation of 46.75%.

The unobservable variables used in the revenue approach applied to test the existence of external impairment in the application of the net replacement cost method are as follows:

- For offices – average monthly market rent (8.89 EUR/m²), occupancy rate (65%). A potential increase in these variables would cause the fair value of properties to increase, implying an even greater difference between the value of the property estimated by the revenue approach and the estimated value by the cost approach;
- Capitalization rate used in the property valuation model (for offices 10%) – a potential increase in this variable will generate a decrease in the fair value of the property estimated by the revenue approach and the estimated value by the cost approach.

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value of property, plant and equipment (continued)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Fair value at December 31 2025
Land and land improvements	-	-	48,674,578	48,674,578
Buildings	-	-	2,382,933	2,382,933

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Fair value at December 31 2024
Land and land improvements	-	-	169,179,973	169,179,973
Buildings	-	-	121,054,133	121,054,133

There were no transfers between fair value levels in both 2025 and 2024.

During the financial year 2025, the Group reclassified certain real estate properties from the category property, plant and equipment to the category of investment property, following the cessation of their use for own purposes and the change of use for rental. The reclassification was carried out in accordance with IAS 40 "Investment Property" as the assets no longer meet the recognition criteria set out in IAS 16 "Property, Plant and Equipment" and are not held for sale under IFRS 5.

In the case of properties that include a part that is held for rent or for the purpose of increasing value and another part that is held for administrative purposes, only those properties for which the part used for administrative purposes is insignificant have been transferred.

At the date of the transfer, the properties were measured at fair value, with differences between carrying amount and fair value being treated as a revaluation in accordance with IAS 16. The existing revaluation reserve was maintained in equity, to be transferred to the retained profit at the time of disposal of the assets, without impact on the profit or loss account.

The reclassification was carried out on December 31, 2025, and the value of the reclassification was RON 160,526,647.

As of December 31, 2025, the revaluation decreases recorded totaled RON 75,766,402, while the revaluation surpluses amounted to RON 192,834. Revaluation decreases and surpluses were recognised either in the statement of profit or loss or in other comprehensive income, depending on the existence of a revaluation buffer on those assets.

The net book value of the buildings used for own purposes by the Group (both for administrative purposes and for other activities) is RON 2,382,934 (2024: RON 121,054,133).

Impairment of property, plant and equipment

As of 31 December 2025, the Group continues to record in its balance an impairment adjustment for technological equipment and vehicles amounting to RON 1,276,274, recognized in previous years as a result of the loss in value generated by the slowdown in production activity.

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 property. For the presentation of investment property in the financial statements, the Group has chosen the fair value model.

The evaluation on December 31, 2025 was carried out by Darian DRS, independent evaluator authorized by ANEVAR. Darian DRS is a company specialized in the valuation of these types of investment property and the valuation model used is in accordance with International Valuation Standards.

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6. INVESTMENT PROPERTY (continued)

As of December 31, 2025, investment property are as follows:

	2025	2024
Initial balance	24,903,878	23,569,292
Entries of which:	160,526,647	1,334,586
- fair value measurement	-	1,334,586
- transfers	160,526,647	-
Outputs of which:	12,377,851	-
- fair value measurement	12,377,851	-
- transfers	-	-
Final balance	173,052,674	24,903,878

The income related to investment property obtained in 2025 is RON 4,136,353 (2024: RON 5,284,428) and covers the expenses incurred by the owner.

Entries are represented by the reclassification of of property, plant and equipment into investment property, while decreases are represented by the revaluation of investment property.

In 2025, the revaluation of investment property generated a negative net result, representing an expense of RON 12,337,851, compared to 2024, when a positive net result (income) of RON 1,334,586 was recorded.

There are no restrictions imposed on the degree of realization of investment property or on the transfer of income and proceeds from the transfer.

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

	Level 1	Level 2	Level 3	Fair value at December 31 2025
Investment property	-	-	173,052,674	173,052,674
	Level 1	Level 2	Level 3	Fair value at December 31 2024
Investment property	-	-	24,903,878	24,903,878

The approaches applied in estimating the fair value of investment property were:

- Market approach – the method of direct comparisons for estimating the market value of land as well as residential properties (apartments). In the case of the site in Calea Rahovei, the method by subdivision and development was applied in the market approach, given its size.
- the cost approach, respectively the net replacement cost method for estimating the value of buildings. The results obtained under this method have been tested for depreciation.
- the income approach for estimating the market value of the properties located in Calea Rahovei, Vârteju Location, Veseliei Location, in order to test the depreciation. From the market value obtained for each property, the market value of the land was subtracted, and the difference was allocated to buildings.

The observable variables used are:

- Market rental rates, occupancy rates, and landlord costs – the increase in the variables considered will cause an increase in the fair value of investment property.

The unobservable variables are:

- Capitalization rates (10%) used in investment property valuation models – increasing capitalization rates will cause a decrease in the fair value of investment property.

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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 December 31, 2025 is presented as follows:

	<u>Concessions, patents, licenses</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost			
As of December 31, 2024	1,182,983	3,377,108	4,560,091
Inputs	-	-	-
Outputs	(3,398)	(14,453)	(17,851)
As of December 31, 2025	1,179,585	3,362,655	4,542,240
Accumulated amortization			
As of December 31, 2024	(1,181,984)	(3,017,870)	(4,199,854)
Depreciation of the year	(266)	(196,077)	(196,343)
Cumulative depreciation of outputs	3,398	14,453	17,851
As of December 31, 2025	(1,178,852)	(3,199,494)	(4,378,346)
Net book value			
As of December 31, 2024	999	359,238	360,237
As of December 31, 2025	733	163,161	163,894

	<u>Concessions, patents, licenses</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost			
As of December 31, 2023	1,236,393	3,397,126	4,633,519
Inputs	213	-	213
Outputs	(53,623)	(20,018)	(73,641)
As of December 31, 2024	1,182,983	3,377,108	4,560,091
Accumulated amortization			
As of December 31, 2023	(1,224,461)	(2,841,731)	(4,066,193)
Depreciation of the year	(11,146)	(196,157)	(207,303)
Cumulative depreciation of outputs	53,623	20,018	73,641
As of December 31, 2024	(1,181,984)	(3,017,870)	(4,199,854)
Net book value			
As of December 31, 2023	11,932	555,395	567,327
As of December 31, 2024	999	359,238	360,237

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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
Inputs	-	-	-
Outputs	-	(111,982)	(111,982)
As of December 31, 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 December 31, 2025	-	-	-
NET BOOK VALUE			
As of December 31, 2024	-	27,996	27,996
As of December 31, 2025	-	-	-

The following amounts were recognised in the profit or loss statement:

	<u>2025</u>	<u>2024</u>
Depreciation expense related to rights of use of leased assets	9,332	53,136
Interest on lease liabilities	347	12,503
Expenditure related to low-value leases	-	-
Total amounts recognised in the profit or loss statement	9,679	65,639

As of December 31, 2025, leasing debts amounting to RON 185,747, of which short-term debts amounting to RON 45,928 and long-term liabilities amounting to RON 139,819.

As of December 31, 2024, the value of the leasing debts was RON 258,912 (RON 71,304 short-term and RON 187,608 long-term).

9. OTHER NON-CURRENT ASSETS

	<u>December 31 2025</u>	<u>December 31 2024</u>
Performance guarantees granted to customers	2,772,986	3,631,213
Long-term staggered trade receivables	69,492	1,062,244
Impairment adjustments for long-term staggered trade receivables	(3,271)	(185,243)
Other long-term non-current assets	11,863	11,503
Total	2,851,070	4,519,717

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10. INVENTORIES

	December 31 2025	December 31 2024
Raw materials	6,478,549	6,564,941
Consumables	1,511,037	1,615,365
Finished products	10,987,958	11,924,376
Products in progress	60,889	563,646
Other inventories	994,782	970,272
Minus inventory impairment allowances	<u>(18,748,232)</u>	<u>(14,330,237)</u>
Total	<u>1,284,983</u>	<u>7,308,363</u>

Other inventories contain inventory items, finished products or materials in third-party custody and packaging.

The movement in the inventory impairment adjustments is as follows:

	2025	2024
Balance at the beginning of the period	<u>(14,330,237)</u>	<u>(9,318,915)</u>
Impairment allowances (expense)	(4,526,834)	(5,011,322)
Reversal of impairment	<u>108,839</u>	<u>-</u>
Balance at the end of the period	<u>(18,748,232)</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. NET TRADE RECEIVABLES

	December 31 2025	December 31 2024
Trade receivables	16,059,048	22,807,312
Minus impairment adjustments trade receivables	<u>(9,499,745)</u>	<u>(9,874,114)</u>
Total	<u>6,559,303</u>	<u>12,933,198</u>

The decrease in trade receivables as of December 31, 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 27.

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. NET TRADE RECEIVABLES (continued)

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

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the period	(9,874,114)	(13,136,105)
Allowance for impairment (expense)	(2,620,674)	(1,812,898)
Reversal of allowance for impairment	2,995,043	5,074,889
Balance at the end of the period	(9,499,745)	(9,874,114)

12. OTHER CURRENT ASSETS

	<u>December 31 2025</u>	<u>December 31 2024</u>
Other receivables	63,917	2,548
Prepaid expenses	110,750	254,224
Advances to suppliers	90,031	89,593
The claim related to the expropriation of the land	1,416,422	1,486,948
Claim from the sale of land	3,001,290	-
VAT receivable	-	697,862
Guarantee related to the share buyback plan	5,000,000	-
Other current assets	386,677	789,446
Total	10,069,087	3,320,621

The *Prepaid expenses* category in the amount of RON 110,750 represents mainly prepayments related to insurance premiums for insurance and various subscriptions.

Other *current assets* mainly include amounts to be recovered from the health insurance fund in the amount of RON 336,720.

13. CASH AND CASH EQUIVALENTS

	<u>December 31 2025</u>	<u>December 31 2024</u>
Cash on hand	38,069	11,907
Cash in banks	101,118,856	75,692,787
Total	101,156,925	75,704,694

The group has no restricted cash on December 31, 2025 and December 31, 2024. Cash in banks contain short-term deposits: December 31, 2025: RON 100,395,243 (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. It was presented in the Separate Statement of Financial Position, under "Deposits in banks", being a deposit with an investment period of more than 3 months. The balance of this collateral deposit as of December 31, 2025 is RON 173,642.

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14. SHARE CAPITAL

The subscribed and paid-up share capital of the parent company is in the amount of RON 67,603,870, 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. as of December 31, 2025 and December 31, 2024 is as follows, according to the register provided by the Central Depository:

Shareholder	December 31, 2025		December 31, 2024	
	No. of Shares	%	No. of Shares	%
INFINITY CAPITAL INVESTMENTS S.A.	444,329,974	65.7255	442,465,466	65.4497
Individuals	221,742,042	32.8002	212,498,105	31.4328
Legal entities	9,966,688	1.4743	21,075,133	3.1174
Total	676,038,704	100	676,038,704	100

At the General Meeting of Shareholders of Electromagnetica S.A. held on December 19, 2024, the implementation of a buyback program by the Company of its own shares was approved.

- program size– the redemption of a maximum of 60,000,000 treasury shares with a nominal value of RON 0.10 per share;
- acquisition price - the minimum purchase price is 0.10 RON/share, and the maximum price is 0.40 RON/share;
- program duration – maximum 18 months from the date of registration in the Trade Register;
- payment of the repurchased shares will be made from the distributable profit or from the available reserves of the company recorded in the latest approved annual financial statement, except for legal reserves, according to the 2023 financial statements;
- program purpose - reduction of the share capital by cancelling the repurchased shares.

On January 15, 2026, Electromagnetica S.A. informed shareholders and investors that the Financial Supervisory Authority issued Decision no. 25/15.01.2026, which approved the public offer document for the purchase of shares issued by Electromagnetica S.A., initiated by the Company, in accordance with the Decision of the General Shareholders' Meeting of 19.12.2024, the offer with the following characteristics:

- Number of shares subject to the offer: 60,000,000 shares, representing 8.8752% of the share capital;
- Nominal value: 0.10 RON/share;
- The purchase price is: 0.26 RON/share;
- Period: 21.01.2026-03.02.2026;
- Intermediary of the offer: SWISS Capital S.A.;
- Subscription locations: according to the information contained in the offer document.

On February 6, 2026, Electromagnetica S.A. informed shareholders and investors that, during the public tender offer carried out between 21.01.2026 - 03.02.2026, it acquired 12,230,815 treasury shares, representing 1.8092% of the share capital.

As of December 31, 2025, the Group does not hold redeemable shares, bonds, or other portfolio securities.

15. RESERVES

Legal reserve

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

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15. RESERVES (continued)

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.

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

The reserves from the revaluation of property, plant and equipment net of deferred tax are in the amount of RON 100,459,214 as of December 31, 2025. Compared to the balance at the beginning of the period, they decreased due to revaluation losses recognised during the year and transfers to retained earnings due to the amortisation of revalued assets and their disposal.

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the period	163,040,115	123,875,487
Revaluation increases	-	46,461,440
Decreases	(62,580,901)	(7,296,812)
Balance at the end of the period	100,459,214	163,040,115

As of December 31, 2025, the Group recorded *other reserves and equity items* amounting to RON 40,785,941, of which its own sources of financing represent 99%.

	<u>2025</u>	<u>2024</u>
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 General Meeting of Shareholders of Electromagnetica S.A. on April 28, 2025, the coverage of the accounting loss recorded on 31.12.2024 in the amount of RON 7,407,143 from reserves was approved.

16. RETAINED EARNINGS

As of December 31, 2025, the retained result from the transfer of net revaluation reserves related to amortized or decommissioned assets was RON 8,041,851.

17. PROVISIONS

Name	<u>Balance January 1, 2025</u>	<u>Additions to provisions</u>	<u>Reversals of provisions</u>	<u>Balance December 31 2025</u>
Provisions for warranties	1,952,556	-	(840,777)	1,111,779
Provision for employee benefits	294,678	613,672	(796,843)	111,507
Provision for labour disputes	264,298	65,468	(141,600)	188,166
TOTAL	2,511,532	679,140	(1,779,220)	1,411,452

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.

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17. PROVISIONS (continued)

In 2025, the provisions for warranties was recalculated on the basis of management's best estimate, taking into account the information available at the reporting date.

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.

18. TRADE AND OTHER PAYABLES

	<u>December 31</u> <u>2025</u>	<u>December 31</u> <u>2024</u>
Current trade payables		
Trade payables	693,030	1,187,439
Accrued trade payables	2,216,784	4,078,630
Other current payables		
Advances received from customers	27,246	2,024,991
Salaries and social security	328,711	1,666,638
Deferred revenue	1,010,652	1,011,532
Other liabilities	3,179,800	3,179,546
Total	<u>7,456,223</u>	<u>13,148,776</u>

The liabilities 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 outstanding commercial debts.

The group does not record any outstanding payments to employees and to the state budget, the amounts presented represent debts related to December 2025 and paid by the due date of January 2026.

The group has no loans contracted as of December 31, 2025.

As of December 31, 2025, the Parent Company has a non-cash guarantee agreement in the amount of RON 173,642, for the issuance of letters of guarantee. Their situation is presented in Note 28 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 December 31, 2025 are worth RON 2,605,536 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 December 31, 2025	2,605,536	832,914	1,772,622
Guarantees received on December 31, 2024	2,333,977	616,579	1,717,398

Trade and other long-term liabilities amount to RON 2,893,237 (December 31, 2024: RON 1,717,399). These liabilities relate mainly to guarantees received from tenants under long-term contracts.

Leasing liabilities are presented within current and long-term liabilities. Their total value is 185,747 RON (Note 8).

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19. GROUP AS LESSOR

The Group has concluded operating leases for its real estate investment portfolio consisting of certain office and production buildings (see Note 6). 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 rental income recognized by the Group during 2025 is RON 17,678,343 (2024: RON 17,017,576).

The future minimum rents to be collected under the non-revocable operational leasing contracts as of December 31, 2025 are as follows:

	<u>2025</u>	<u>2024</u>
- 1 year	15,615,562	11,556,044
- between 1 and 2 years old	11,212,318	8,227,345
- between 2 and 3 years old	7,020,161	4,198,915
- over 3 years	9,968,202	4,129,214
TOTAL	43,816,243	28,111,518

20. REVENUE

REVENUE FROM CUSTOMER CONTRACTS	<u>2025</u>	<u>2024</u>
Revenue from renewable electricity generation and electricity supply	-	35,740,732
Revenue from the sales of finished goods and merchandise (LED lighting fixtures, electric vehicle charging stations, plastic injection products and molds, low-voltage electrical equipment, railway traffic safety equipment)	3,479,178	33,436,366
Revenue from services (mainly system works and solutions for lighting and charging electric vehicles)	1,275,827	4,820,332
TOTAL REVENUE FROM CUSTOMER CONTRACTS	4,755,005	73,997,430
REVENUE FROM RENTAL ACTIVITY*	24,511,484	23,672,913
TOTAL REVENUE	29,266,489	97,670,343

*Revenue from rental activity includes both income from rents, maintenance charges, income from utilities and other related services.

Timing of revenue recognition from contracts with customers	<u>2025</u>	<u>2024</u>
Goods and services transferred at a time	3,479,178	33,436,366
Goods and services transferred over time	25,787,311	64,233,977
Total revenue from customer contracts	29,266,489	97,670,343

Most revenues are generated in Romania.

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20. REVENUE (continued)

The breakdown of revenues at the product level is:

	2025	2024
Electric vehicle charging stations	1,369,171	5,769,804
Electrical equipment	-	12,124,959
Traffic safety elements CFR	1,809,853	4,283,973
Plastic Injections & Molds	1,071,987	9,535,702
LED lighting fixtures and services	252,065	4,546,021
Others	251,929	1,996,239
TOTAL PRODUCTION	4,755,005	38,256,698
OTHER NET INCOME AND EXPENSES	2025	2024
Income from Green Certificates	-	836,971
Net income/(expenses) related to provisions	(2,360,094)	(3,264,940)
Income from subsidies	-	3,920,652
Net income from the sale of property, plant and equipment	1,262,088	1,169,524
Other net income/(expenses)	412,865	477,261
TOTAL	(685,141)	3,139,468

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

21. EXPENSES

	2025	2024
Expenses on raw materials and consumables		
- Expenses with raw materials and consumables	347,325	14,278,187
- Expenditure on goods	373,432	34,325,524
- Energy, water, gas expenses	3,452,013	7,457,799
Total expenses on raw material and consumables	4,172,770	56,061,510
Employee benefits expenses	9,443,081	26,257,762
Other expenses		
- Postal and telecommunications expenses	302,300	360,282
- Maintenance and repair expenses	821,352	651,613
- Rent expenses	127,816	230,043
- Advertising and protocol expenses	41,394	84,359
- Insurance expenses	348,460	577,152
- Transportation and travel expenses	43,814	617,797
- Expenses, other taxes and fees	2,802,137	1,697,510
- Expenses with consultants and collaborators	1,229,473	1,509,066
- Expenses with green certificates	-	1,992,490
- Contribution to the Energy Transition Fund	-	110,313
- Other operating expenses	9,184,302	8,401,047
Total other expenses	14,901,048	16,231,672
Depreciation and amortization expenses		
- Depreciation expenses	9,427,085	10,022,509
- Impairment losses/(gains) and revaluation effects	2,957,935	(340,429)
Total depreciation and amortization expenses	12,385,020	9,682,080
Total expenses	40,901,919	108,233,024

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22. FINANCIAL EXPENSES and INCOME

Financial expenses	2025	2024
Interest expenses	22,518	12,503
Foreign exchange losses	94,094	116,013
Other financial expenses	20,121	6,588
Total financial expenses	136,733	135,104
Financial income	2025	2024
Interest income	9,651,874	1,905,780
Foreign exchange gains	534,499	92,345
Other financial income	8,157	8
Total financial income	10,194,530	1,998,133

Interest income for the financial year 2025 includes both interest earned from cash placed at banking institutions and interest income from bond holdings.

On 1 August 2025, Electromagnetica S.A. subscribed 17,000,000 bonds issued by PK Development Holding S.A., in a private issue totalling EUR 100,000,000. The bonds had a nominal value of EUR 1 each, a maximum maturity of 36 months from the date of allocation and were fully redeemable at the final maturity, with the possibility of early repayment according to the provisions of the offer documentation.

The bonds were secured by a first degree mortgage on the "Mall Moldova" shopping center and adjacent buildings, owned by Ermes Holding S.R.L. The financial instruments were not subject to a public offer and were not admitted to trading on a regulated market. The funds attracted by the issuer were intended to finance the operational and investment activities of the group to which it belongs.

On December 30, 2025, the bonds issued by PK Development Holding S.A. were repaid early.

23. CORPORATE INCOME TAX

Corporate income tax recognised in profit or loss:

	2025	2024
Current Corporate Income Tax		
Current Corporate Income Tax Expenses	566,380	138,326
Deferred corporate income tax		
Deferred tax income	(4,230,827)	(2,186,068)
Deferred tax expenses	330,334	6,369,092
Total expense / (income) with corporate income tax	(3,334,113)	4,321,350

Reconciliation of pre-tax profit with profit tax expense in profit or loss statement:

Indicator	2025	2024
Pre-tax profit/(loss)	(16,084,209)	(6,672,629)
Tax applied at the local rate (16%)	(2,573,473)	(1,067,621)
Effect of non-deductible expenses	3,485,597	7,905,775
The effect of non-taxable income	(2,466,311)	(2,544,015)
Other elements	(1,779,926)	27,211
Total Corporate Income Tax Expenditure/(Income)	(3,334,113)	4,321,350

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23. CORPORATE INCOME TAX (continued)

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

As of December 31, 2025, the total current corporate income tax claim is RON 1,233,974 (December 31, 2024: RON 1,676,704).

The analysis of the deferred corporate income tax for 2025 and 2024 is presented below:

	Initial Balance 1 January 2025	Recognized in the statement of profit or loss (income)/ expense	Recognized in other comprehen sive income	Final balance December 31, 2025
Property, plant and equipment and investment property	33,622,192	(3,523,956)	(9,944,675)	20,153,561
Adjustment of non-current assets	(339,807)	135,603	-	(204,204)
The time-value effect of money (receivables)	(105,967)	94,780	-	(11,187)
Value adjustments receivables	(1,579,858)	58,471	-	(1,521,387)
Inventory value adjustments	(2,292,838)	(706,879)	-	(2,999,717)
Employee benefits	(89,436)	41,488	-	(47,948)
TOTAL	29,214,286	(3,900,493)	(9,944,675)	15,369,118

	Initial Balance January 1, 2024	Recognized in the statement of profit or loss (income)/ expense	Recognized in other comprehen sive income	Final balance December 31, 2024
Property, plant and equipment	20,760,159	4,039,595	8,822,438	33,622,192
Adjustment of non-current assets	(594,349)	254,542	-	(339,807)
The time-value effect of money (receivables)	(185,525)	79,558	-	(105,967)
Value adjustments receivables	(2,101,776)	521,918	-	(1,579,858)
Inventory value adjustments	(1,568,815)	(724,023)	-	(2,292,838)
Employee benefits	(100,870)	11,434	-	(89,436)
TOTAL	16,208,824	4,183,024	8,822,438	29,214,286

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.

24. AVERAGE NUMBER OF EMPLOYEES

The average number of employees evolved as follows:

	2025	2024
Group	60	235
Parent company	60	211

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

	2025	2024
Group	9,443,081	26,257,762
Parent company	9,442,162	25,297,143

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

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25. RELATED PARTY TRANSACTIONS

As of December 31, 2025 and December 31, 2024 respectively, the Group had no related parties other than the subsidiaries included in the consolidation. Balances and transactions with them have been eliminated for the purpose of preparing the consolidated financial statements.

Remuneration of key personnel

The remuneration of Directors and Board Members for the years ended 31 December 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Salaries and wages of management	602,683	1,448,327
Management member Compensation	-	184,620
Board of Directors' benefits	681,644	625,511
Total	<u>1,284,327</u>	<u>2,258,458</u>

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.

26. EARNINGS PER SHARE

Basic earnings per share

During the reporting period, there were no changes in the share capital structure. Basic earnings per share represent the net profit (loss) attributed to ordinary shareholders of the parent company, relative to the weighted average of ordinary shares outstanding.

Diluted earnings per share

For the calculation of diluted earnings per share, the Group adjusts the earnings attributable to ordinary shareholders of the parent company and the weighted average of shares outstanding with the effects of all potentially diluted ordinary shares.

For the years 2025 and 2024, the Group 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.

27. 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.

The activity is governed by the following 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 is also responsible for examining and approving the Group's strategic, operational and financial plan, as well as the corporate structure.

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

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27. RISK MANAGEMENT (continued)

Capital Risk Management (continued)

market conditions and in the company's activities. The Group, through its training and management standards and procedures, aims to develop an orderly and constructive control environment, in which all employees understand their roles and obligations.

The Group's internal audit oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks it faces.

The Group's activities expose it to a number of financial risks: market risk (including exchange rate risk, interest rate risk, price risk), credit risk and liquidity risk.

The group is exposed to the following risks:

Capital Risk Management

Capital risk management aims to ensure the Group's ability to operate in 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).

The indebtedness ratio as of December 31, 2025 was as follows:

	December 31 2025	December 31 2024
Total long-term and short-term liabilities	27,315,777	46,850,905
Without: Cash and cash equivalents	(101,156,925)	(75,704,694)
Total	(73,841,148)	(28,853,789)
Equity	325,396,830	393,129,000
<i>Indebtedness ratio</i>	(0.2269)	(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 was exposed to *currency risk* due to the supply of materials mainly from imports and export activities. In order to limit the effect of foreign exchange exchanges, the timing of payments was correlated with that of foreign currency receipts, the Group usually achieving a cash-flow surplus. The Group continuously monitors and manages the exposure to exchange rate variations.

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 clients and available in foreign currency. Debts in foreign currency are represented by suppliers.

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27. RISK MANAGEMENT (continued)

Currency Risk Management (continued)

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 Functional currency	<u>EUR</u> RON	<u>USD</u> RON	<u>Other currencies</u> RON	<u>Total</u> RON
December 31, 2025				
Total monetary assets	94,706,176	87,584	89,463	94,883,223
Total monetary liabilities	21,708	-	-	21,708
December 31, 2024				
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 31 December, would increase/(decrease) profit or loss and equity by the amounts presented below (without the impact on corporate tax).

Denomination currency Functional currency	<u>EUR</u> RON	<u>USD</u> RON
Change in the exchange rate	+/- 10%	+/- 10%
December 31, 2025		
Profit or loss statement	9,468,447	8,758
Other equity	-	-
December 31, 2024		
Profit or loss statement	177,684	9,716
Other equity	-	-

This analysis shows your exposure to currency risk at the end of the year. However, exposure to currency risk 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 company's investment policy from its own sources of financing.

As of December 31, 2025 and during 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. The Group is exposed to credit risk arising from its operational activities, in particular commercial activities (Note 11).

Receivables

Trade receivables come from a wide range of clients operating in various fields of activity. 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 has adopted the policy of trading only with trusted partners and obtaining sufficient collateral where appropriate to minimize the risk of financial losses resulting from non-compliance.

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27. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Receivables (continued)

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 anticipate 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;
- 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 31 December 2025.

In addition to the receivables analysis described above, the Group analyzed customers with receivables whose maturities exceeded 90 days on December 31, 2025 as well as territorial administrative units with receivables with maturities exceeded more than one year in balance as of December 31, 2025 and, depending on the available information, calculated and recorded adjustments to the value of the receivables as of December 31, 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 experience of credit losses shows significantly different loss patterns for different customer segments, adjustments for loss rates based on default risk differ between the Group's different customer segments.

	December 31, 2025		
Current trade receivables	Gross amount	Impairment allowance	Estimated loss rate (%)
Ageing			
Current (no past due)	4,274,006	(99,460)	2%
1 – 30 days	949,974	(160,484)	17%
31 – 60 days	352,192	(71,499)	20%
61 – 90 days	178,014	(40,856)	23%
Total receivables analysed globally	5,754,186	(372,299)	6%
Receivables with state authorities (mayoralties)	2,956,420	(2,151,347)	73%
Other receivables 90-180 days	505,001	(251,482)	50%
Other receivables over 180 days	2,181,712	(2,062,888)	95%
Uncertain receivables	4,661,729	(4,661,729)	100%
Total receivables analysed individually	10,304,862	(9,127,446)	89%
Total	16,059,048	(9,499,745)	59%

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27. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Receivables (continued)

	December 31, 2024		
	Gross amount	Impairment allowance	Estimated loss rate (%)
Current trade receivables			
Ageing			
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%
Unlicensed activities receivables with the authorities of the state (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%

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.

Liquidity risk management

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:

	December 31 2025	0 - 1 year	1 - 2 years	2 - 5 years	Over 5 years
Trade and other receivables	20,713,434	17,862,364	2,851,070	-	-
Trade and other liabilities	10,535,207	7,502,151	961,637	1,957,922	113,497
Net position	10,178,227	10,360,213	1,889,433	(1,957,922)	(113,497)
	December 31 2024	0 - 1 year	1 - 2 years	2 - 5 years	Over 5 years
Trade and other receivables	22,450,240	17,930,523	4,453,060	66,657	-
Trade and other 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)

The negative net positions for the 2-5 year and 5>year maturity bands are insignificant and are covered by the cumulative liquidity surplus.

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27. RISK MANAGEMENT (continued)

Liquidity risk management (continued)

Categories of financial instruments

	<u>2025</u>	<u>2024</u>
Financial assets (amortised cost)		
Short and long-term trade receivables	20,713,434	22,450,240
Cash and cash equivalents	101,156,925	75,704,694
Total	<u>121,870,359</u>	<u>98,154,934</u>

	<u>2025</u>	<u>2024</u>
Financial liabilities (amortized cost)		
Trade and other liabilities	10,349,460	14,866,175
Short and long-term leasing debts	185,747	258,912
Total	<u>10,535,207</u>	<u>15,125,087</u>

Leasing debts

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the period	<u>258,912</u>	<u>84,476</u>
Inputs	(3,126)	318,902
Lease payments	(70,039)	(144,466)
Interest expenses	22,518	12,530
Interest payments	(22,518)	(12,530)
Balance at the end of the period	<u>185,747</u>	<u>258,912</u>

28. COMMITMENTS AND POTENTIAL LIABILITIES

Commitments

As of December 31, 2025, the parent company has a non-cash guarantee agreement in the amount of RON 173,642, 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 constituted a movable mortgage on the collateral deposit, in the amount of RON 173,642.

The commitments received from customers and tenants in the form of letters of guarantee on December 31, 2025, are worth 234,590 RON according to the contractual clauses.

Disputes

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 its own legal department and through collaborations with specialized external partners.

29. OTHERS

The Group's consolidated financial statements were audited by Deloitte Audit S.R.L., the fee for the 2025 audit was EUR 41,500 (2024: EUR 61,300).

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30. SUBSEQUENT EVENTS

- ***Completion of the share buyback tender offer***

Electromagnetica S.A. has completed the public tender offer of its own shares, carried out between 21.01.2026 – 03.02.2026, based on the A.S.F. Decision no. 25/15.01.2026, issued in accordance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations. As part of the offer, the Company acquired a number of 12,230,815 treasury shares, representing 1.8092% of the share capital.

- ***Appointment of Deputy General Manager***

By the decision adopted on 15.01.2026, Electromagnetica S.A. approved the appointment of Mr. Mihai Odoviciuc as Deputy General Manager, starting with 01.02.2026.

- ***Steps regarding the sale of some goods***

As part of a competitive auction opened with shout, organized by Electromagnetica S.A. on 25.02.2026, at the headquarters in Bucharest, Calea Rahovei nr. 266–268, sector 5, a series of assets from the patrimony were awarded, at the total price of EUR 115,000, to which is added VAT. The sale-purchase contract was signed with the successful bidder.

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.

These consolidated financial statements have been approved to be issued by management at **March 18, 2026**:

GEORGE – ALIN ȘTEFAN

General Manager

MARIA GĂRZU

Chief Accountant