

**ELECTROMAGNETICA SA**

**Quarterly Report as of March 31, 2024**

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**ELECTROMAGNETICA S.A.**

**SEPARATE QUARTERLY REPORT FOR  
THE FIRST QUARTER OF 2024**

**Separate financial results for the first quarter of 2024 (Q1 2024)  
compared to the first quarter of 2023 (Q1 2023)  
(unaudited)**

## SEPARATE QUARTERLY REPORT FOR THE FIRST QUARTER OF 2024

### Highlights for the 3-month period ended March 31, 2024 (Q1 2024)

- The Company's turnover of RON 27.2 million in Q1 2024 is 49% lower compared to Q1 2023;
- The revenue from property rentals marginally decreased by 4% compared to Q1 2023;
- Sales related to the production activity decreased by 48% in Q1 2024 compared to the same period of 2023, mainly due to lower revenue generated by the LED lighting fixtures and services (CIL) and electric vehicle charging stations (SIVE) business lines which were impacted by the actions implemented by management to streamline the Company's activities;
- The licensed activities, in particular the energy supply activity, decreased by approximately 60%, on the base of an energy sales volume decrease driven by a significant decrease in the electric energy sales prices (monthly average prices for the Next Day Market decreased by 35% to 50% compared to Q1 2023) and of the current legislation on the capping and compensation of energy related to final customers (GEO 119/01.09.2022).

Indicator	Q1 2024	Q1 2023
Income from unlicensed activities	18,878	32,516
Income from licensed activities	8,265	20,707
<b>Turnover (thousand RON)</b>	<b>27,143</b>	<b>53,223</b>
<b>EBITDA* (thousand RON)</b>	<b>(457)</b>	<b>7,420</b>
<b>EBITDA margin (%)</b>	<b>-1.6%</b>	<b>13.9%</b>
<b>Net result (thousand RON)</b>	<b>(3,139)</b>	<b>3,931</b>
<b>Earnings per share (RON)</b>	<b>(0.0046)</b>	<b>0.0058</b>

\* EBITDA represents profit before tax, interest expense, depreciation and amortization.

The following aspects have completed the results in the first quarter of 2024:

- Manufacturing activity downsized amid falling turnover; due to the evolution of the markets in which the company operates.
- The result of the licensed business was affected by electric energy purchase contracts concluded in 2022 from which the Company cannot exit without incurring significant costs;
- Continuation of the electric car charging equipment development programs started in previous years.

### Sales

Electromagnetica is a company that operates in several areas, the most important of which are:

- Activities in the field of energy efficiency (production of led lighting fixtures, electric car charging stations);
- Other production activities (plastic injection moulding elements, electric subassemblies, railway safety elements)
- Rental of premises for offices, industrial premises, land and provision of utilities;
- The production of electricity from renewable sources (produced in low-power hydroelectric power plants) and the supply of electricity.

The company used the nature of the regulatory environment as an aggregation criterion for business segment reporting and identified the following business segments for which it presents the information separately:

- Licensed activity - electricity supply and production
- Unlicensed activity - industrial production and rental of premises.

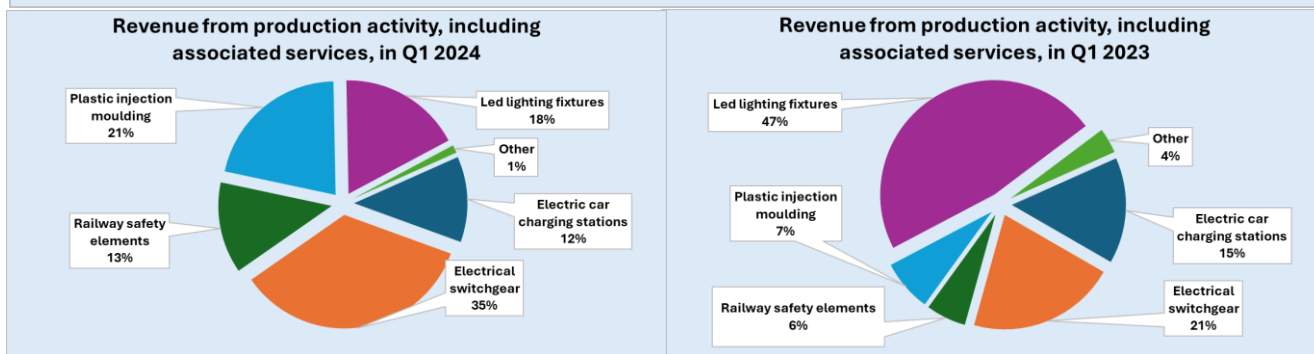
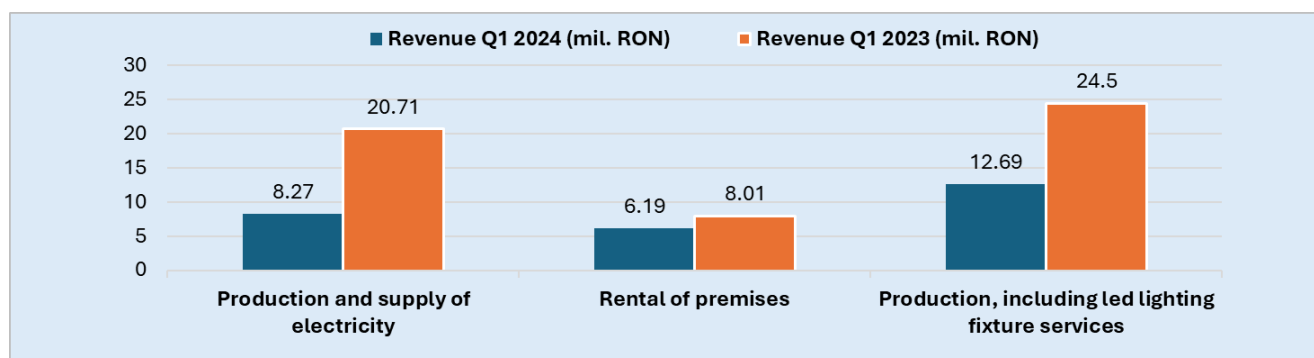
The aggregation criterion is based on the license necessary to carry out activities and the conditions imposed by it, among which the presentation of separate financial statements.

- RON -

Q1 2024	<u>Unlicensed activity</u>	<u>% Total company</u>	<u>Licensed activity</u>	<u>% Total company</u>	<u>Total company</u>
Net loss	(1,373,554)	44%	(1,765,465)	56%	(3,139,019)
Total assets	348,857,474	90%	36,226,024	10%	385,083,498
Total liabilities	33,392,754	79%	9,082,005	21%	42,474,759
Customer revenue	18,878,034	70%	8,265,168	30%	27,143,202
Interest income	288,524	100%	-	-	288,524
Depreciation and amortization	2,486,940	84%	474,934	16%	2,961,874

Q1 2023	<u>Unlicensed activity</u>	<u>% Total company</u>	<u>Licensed activity</u>	<u>% Total company</u>	<u>Total company</u>
Net Profit	2,754,259	70%	1,176,276	30%	3,930,535
Total assets	388,512,159	85%	66,637,870	15%	455,150,030
Total liabilities	54,754,955	82%	11,904,496	18%	66,659,450
Customer revenue	32,515,707	61%	20,707,033	39%	53,222,740
Interest income	88,506	100%	-	-	88,506
Depreciation and amortization	2,200,638	81%	515,736	19%	2,716,374



**ELECTROMAGNETICA SA**  
**SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2024**  
(all amounts are in RON, unless otherwise stated)

	<b>Note</b>	<b>Period of 3 months ended at March 31 2024</b>	<b>Period of 3 months ended at March 31 2023</b>
<b>Revenue</b>	<b>4</b>	<b>27,143,202</b>	<b>53,222,740</b>
Investment income		280,981	87,354
Other net income and expenses	<b>4</b>	600,137	315,963
Change in the inventories of finished goods and work in progress		(126,305)	2,154,836
Own work capitalized		4,799	344,849
Raw materials and consumables	<b>5</b>	(15,648,863)	(25,073,463)
Employee-related expenses	<b>5</b>	(8,279,205)	(9,556,459)
Depreciation, amortization and impairment expenses	<b>5</b>	(2,961,874)	(2,716,374)
Other expenses	<b>5</b>	(4,368,296)	(13,945,271)
Financial expenses	<b>5</b>	(63,194)	(131,704)
<b>Profit / (loss) before tax</b>		<b>(3,418,617)</b>	<b>4,702,472</b>
Corporate income tax	<b>6</b>	279,598	(771,937)
<b>Period profit / (loss)</b>		<b>(3,139,019)</b>	<b>3,930,535</b>
<b>Other comprehensive income:</b>			
of which:			
other comprehensive income items that cannot be reclassified to the profit and loss account		-	-
<b>Other comprehensive income</b>		<b>(3,139,019)</b>	<b>3,930,535</b>
<b>Basic/diluted earnings per share</b>	<b>7</b>	<b>(0.0046)</b>	<b>0.0058</b>

These separate financial statements were approved to be issued by management on May 12, 2024:

**DANIELA CUCU**  
General Manager

**CRISTIAN RADU**  
Chief Financial Officer

**ELECTROMAGNETICA SA**  
**SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2024 (UNAUDITED)**  
(all amounts are in RON, unless otherwise stated)

	Note	March 31, 2024	December 31, 2023
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	281,970,153	284,561,365
Investment property		17,709,588	17,709,588
Intangible assets		512,742	566,310
Investments in subsidiaries		842,008	842,008
Other non-current assets		5,593,295	6,606,482
Rights of use assets	9	2,460,963	1,399,694
<b>Total non-current assets</b>		<b>309,088,749</b>	<b>311,685,446</b>
<b>Current assets</b>			
Inventories	10	17,734,002	18,715,189
Trade receivables	11	30,612,136	35,380,716
Cash and cash equivalents	12	24,428,616	25,138,900
Other current assets		1,516,166	1,666,030
Current tax receivable		1,703,829	1,703,829
<b>Total current assets</b>		<b>75,994,749</b>	<b>82,604,665</b>
<b>Total assets</b>		<b>385,083,498</b>	<b>394,290,111</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital		67,603,870	67,603,870
Reserves and other equity items		213,799,621	215,108,527
Retained earnings		61,205,248	63,035,361
<b>Total equity attributable to shareholders</b>		<b>342,608,739</b>	<b>345,747,758</b>
<b>Long-term liabilities</b>			
Trade and other liabilities	13	968,868	867,718
Investment subsidies		3,716,629	3,757,433
Deferred tax liabilities		15,703,498	15,983,096
Lease liabilities		1,623,129	724,064
<b>Total long-term liabilities</b>		<b>22,012,124</b>	<b>21,332,310</b>
<b>Current liabilities</b>			
Trade and other liabilities	13	17,911,862	24,920,540
Investment subsidies		163,219	163,219
Provisions		1,512,731	1,405,436
Lease liabilities	9	874,823	720,847
<b>Total current liabilities</b>		<b>20,462,635</b>	<b>27,210,043</b>
<b>Total liabilities</b>		<b>42,474,759</b>	<b>48,542,353</b>
<b>Total equity and liabilities</b>		<b>385,083,498</b>	<b>394,290,111</b>

These separate financial statements were approved to be issued by management on May 12, 2024:

**DANIELA CUCU**  
General Manager

**CRISTIAN RADU**  
Chief Financial Officer

**ELECTROMAGNETICA SA**  
**SEPARATE INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2024 (UNAUDITED)**  
(all amounts are in RON, unless otherwise stated)

	<u>Note</u>	<b>Period of 3 months ended at March 31 2024</b>	<b>Period of 3 months ended at March 31 2023</b>
<b>Cash flows from operating activities:</b>			
Cash receipts from customers		36,029,421	51,724,768
Payments to suppliers		(23,027,562)	(30,975,870)
Payments to employees		(8,362,648)	(8,987,779)
Other operating operations		(5,314,077)	(13,060,561)
<b>Cash generated by / (used in) operating activity</b>		<b>(674,866)</b>	<b>(1,299,442)</b>
Interest paid		-	(1,469)
Income tax paid		-	-
<b>Net cash used in operating activities</b>		<b>(674,866)</b>	<b>(1,300,911)</b>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment		(47,842)	(623,496)
Proceeds from sale of fixed assets		-	12,150
Interest received		327,004	90,920
Dividends received		-	-
<b>Net cash generated by / used in investing activities</b>		<b>279,162</b>	<b>(520,426)</b>
<b>Cash flows from financing activities:</b>			
Cash proceeds from loans		-	1,964,851
Loans repayments		-	(1,964,851)
Lease liabilities paid		(276,818)	(327,322)
Lease interest paid		(25,770)	(26,872)
Dividends paid		(11,992)	(2,127)
<b>Net cash used in financing activities</b>		<b>(314,580)</b>	<b>(356,321)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(710,284)</b>	<b>(2,177,659)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>25,138,900</b>	<b>10,713,669</b>
<b>Cash and cash equivalents at end of period</b>	<b>12</b>	<b>24,428,616</b>	<b>8,536,010</b>

These separate financial statements were approved to be issued by management on May 12, 2024:

**DANIELA CUCU**  
General Manager

**CRISTIAN RADU**  
Chief Financial Officer



ELECTROMAGNETICA SA  
SEPARATE INTERIM STATEMENT OF CHANGE IN EQUITY (UNAUDITED)  
FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2024  
(all amounts are in RON, unless otherwise stated)

	Share Capital	Retained earnings	Revaluation reserves tangible assets	Other elements	Legal reserve	Deferred tax recognized in reserves	Total equity
<b>Balance at January 1<sup>st</sup>, 2024</b>	<b>67,603,870</b>	<b>63,035,361</b>	<b>146,040,464</b>	<b>79,826,174</b>	<b>12,541,942</b>	<b>(23,300,053)</b>	<b>345,747,758</b>
<b>Comprehensive income for the period:</b>							
Profit or Loss of the period	-	(3,139,019)	-	-	-	-	(3,139,019)
<b>Other comprehensive income:</b>		<b>1,308,906</b>	<b>(1,558,039)</b>			<b>249,133</b>	
Legal reserve and other reserves	-	-	-	-	-	-	-
Transfer of revaluation reserve to retained earnings as a result of amortization and write-off of revalued tangible assets	-	1,558,039	(1,558,039)	-	-	-	-
Transfer tax related to the revaluation reserve to retained earnings	-	(249,133)	-	-	-	249,133	-
Transfer of net profit to reserves	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(1,830,113)</b>	<b>(1,558,039)</b>	<b>-</b>	<b>-</b>	<b>249,133</b>	<b>(3,139,019)</b>
<b>Transactions with shareholders, recorded directly in equity:</b>							
Dividends distributed to shareholders	-	-	-	-	-	-	-
Other elements	-	-	-	-	-	-	-
<b>Balance at March 31, 2024</b>	<b>67,603,870</b>	<b>61,205,249</b>	<b>144,482,425</b>	<b>79,826,174</b>	<b>12,541,942</b>	<b>(23,050,921)</b>	<b>342,608,739</b>

These separate financial statements were approved to be issued by management on May 12, 2024:

**DANIELA CUCU**  
General Manager

**CRISTIAN RADU**  
Chief Financial Officer

**ELECTROMAGNETICA SA**  
**SEPARATE INTERIM STATEMENT OF CHANGE IN EQUITY (UNAUDITED)**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2024**  
(all amounts are in RON, unless otherwise stated)

	<b>Share Capital</b>	<b>Retained earnings</b>	<b>Revaluation reserves tangible assets</b>	<b>Other elements</b>	<b>Legal reserve</b>	<b>Deferred tax recognized in reserves</b>	<b>Total equity</b>
<b>Balance at 01 January 2023</b>	<b>67,603,870</b>	<b>120,493,248</b>	<b>149,935,370</b>	<b>57,975,275</b>	<b>12,541,942</b>	<b>(23,989,660)</b>	<b>384,560,045</b>
<b>Comprehensive income for the period:</b>							
Profit or loss of the period	-	3,930,535	-	-	-	-	3,930,535
<b>Other comprehensive income:</b>	-	<b>876,238</b>	<b>(1,043,140)</b>	-	-	<b>166,902</b>	-
Legal reserve and other reserves	-	-	-	-	-	-	-
Transfer of revaluation reserve to retained earnings as a result of amortization and write-off of revalued tangible assets	-	1,043,140	(1,043,140)	-	-	-	-
Transfer tax related revaluation reserve to retained earnings	-	(166,902)	-	-	-	166,902	-
Transfer of net profit to reserves	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>4,806,771</b>	<b>(1,043,140)</b>	<b>-</b>	<b>-</b>	<b>166,902</b>	<b>3,930,535</b>
<b>Transactions with shareholders, recorded directly in equity:</b>							
Dividends distributed	-	-	-	-	-	-	-
Other elements	-	-	-	-	-	-	-
<b>Balance at March 31, 2023</b>	<b>67,603,870</b>	<b>125,300,019</b>	<b>148,892,231</b>	<b>57,975,275</b>	<b>12,541,942</b>	<b>(23,822,757)</b>	<b>388,490,579</b>

These separate financial statements were approved to be issued by management on May 12, 2024:

**DANIELA CUCU**  
**General Manager**

**CRISTIAN RADU**  
**Chief Financial Officer**

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

ELECTROMAGNETICA SA  
NOTES TO THE SIMPLIFIED SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2024  
(all amounts are in RON, unless otherwise stated)

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## 1. GENERAL INFORMATION

Electromagnetica S. A. ("Company" or "Electromagnetica") is a joint stock company founded in 1930 and operates in several fields, the most important being:

- Activities in the field of energy efficiency (production of led lighting fixtures, electric vehicles charging stations);
- Other production activities (plastic injection moulding elements, electric subassemblies, railway safety elements)
- Rental of premises for offices, industrial premises, land and provision of utilities;
- The production of electricity from renewable sources (produced in low-power hydroelectric power plants) and the supply of electricity.

The breakdown of investments in affiliates as of March 31, 2024 and December 31, 2023 are noted below:

Name	<u>No. of shares</u>	<u>Holding and voting rights (%)</u>	<u>Value (RON)</u>
Electromagnetica Prestserv SRL	300	100%	30,000
Electromagnetica Fire SRL	800	100%	80,000
Procetel SA	42,483	96,548%	732,008
<b>TOTAL</b>			<b><u>842,008</u></b>

## 2. BASIS OF PREPARATION

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, IAS 34, "Interim financial reporting".

The functional and presentation currency is the Romanian leu (RON).

The financial information for March 31, 2024 has not been audited nor has it been subject to review by an external auditor.

## 3. MAIN ACCOUNTING POLICIES

For the preparation of this quarterly report, the same accounting policies and calculation methods were used as those applied to the preparation of the annual financial reporting on December 31, 2023, except for the adoption of the new standards in force from January 1, 2024. Their adoption did not have a significant impact on the presentation of information nor on the amounts presented in the current financial statements.

The standards, interpretations or amendments issued (but which have not entered into force) have not been adopted in carrying out the current reporting.

ELECTROMAGNETICA SA  
NOTES TO THE SIMPLIFIED SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2024  
(all amounts are in RON, unless otherwise stated)

**4. REVENUE**

**Q1 2024**

<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>Q1 2024</b>	<b>Q1 2023</b>
<i>Revenue from the production of electricity from renewable sources and from the supply of electricity</i>	8,265,168	20,707,034
<i>Income from sales of finished products, goods and other (LED lighting fixtures, electric vehicle charging stations, plastic injectors and molds, electric subassemblies, railway traffic safety elements)</i>	11,308,904	16,049,859
<i>Revenue from services rendered (mainly works on systems and solutions for lighting and charging electric vehicles)</i>	1,381,015	8,455,138
<b>TOTAL REVENUE FROM CUSTOMER CONTRACTS</b>	<b>20,955,087</b>	<b>45,212,031</b>
<b>INCOME FROM RENTAL ACTIVITY</b>	<b>6,188,115</b>	<b>8,010,710</b>
<b>TOTAL REVENUE</b>	<b>27,143,202</b>	<b>53,222,741</b>

The income from rental activity includes rent revenue as well as income from the re invoicing of utilities and services.

**Timing of recognition of revenue from contracts with customers**

	<b>T1 2024</b>	<b>T1 2023</b>
Goods and services transferred at a given time	12,689,919	16,049,859
Goods and services transferred over time	14,453,283	37,172,882
<b>Total revenue from customer contracts</b>	<b>27,143,202</b>	<b>53,222,741</b>

The majority of the revenue is generated in Romania.

**The disaggregation of revenue at the product level is:**

	<b>Q1 2024</b>	<b>Q1 2023</b>
Electric vehicle charging stations	1,548,368	3,669,091
Electric subassemblies	4,414,770	5,153,446
Railway safety elements	1,650,589	1,387,960
Plastic injections and molds	2,711,562	1,791,427
LED lighting fixtures and services	2,222,549	11,631,876
Other revenue	142,081	871,198
<b>TOTAL PRODUCTION</b>	<b>12,689,919</b>	<b>24,504,997</b>

**OTHER INCOME AND EXPENSES, NET**

	<b>Q1 2024</b>	<b>Q1 2023</b>
Income from green certificates	361,424	153,540
Income / (expense) on provisions	162,410	182,416
Net exchange rate difference	(778)	(93,991)
Other net income/(expense)	77,081	73,998
<b>TOTAL</b>	<b>600,137</b>	<b>315,963</b>

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

ELECTROMAGNETICA SA  
NOTES TO THE SIMPLIFIED SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2024  
(all amounts are in RON, unless otherwise stated)

**5. Expenses**

	<b>Q1 2024</b>	<b>Q1 2023</b>
<b>Expenses related to materials and consumables</b>	<b>15,648,863</b>	<b>25,073,463</b>
- Raw materials and consumables	5,362,456	13,095,289
- Goods purchased for resale	7,930,913	9,617,479
- Energy, water, gas	2,355,494	2,360,695
<b>Employee expenses</b>	<b>8,279,205</b>	<b>9,556,459</b>
<b>Other expenses</b>	<b>4,368,296</b>	<b>13,945,271</b>
- Transport and travel expenses	135,561	215,122
- Subcontracted work expenses	316,952	1,862,581
- Electricity transition fund contribution		7,550,661
- Expenses other taxes and fees	386,741	452,758
- Expenditure on green certificates	436,281	308,385
- Other operating expenses	3,092,761	3,555,764
<b>Depreciation and amortization expense</b>	<b>2,961,874</b>	<b>2,716,374</b>
- Depreciation and amortization expense	2,961,874	2,716,374
- Impairment loss	-	-
<b>Financial expenses</b>	<b>63,194</b>	<b>131,704</b>
<b>Total expenses</b>	<b>31,321,432</b>	<b>51,423,270</b>

**6. CORPORATE INCOME TAX**

	<b>Q1 2024</b>	<b>Q1 2023</b>
<b>Current income tax</b>		
Current income tax expense	-	1,040,620
<b>Deferred income tax</b>		
Deferred tax income	(279,598)	(268,683)
<b>Total corporation tax</b>	<b>(279,598)</b>	<b>771,937</b>

**7. EARNINGS PER SHARE**

	<b>Q1 2024</b>	<b>Q1 2023</b>
Net profit attributable to shareholders	(3,139,019)	3,930,535
Weighted average number of ordinary shares	676,038,704	676,038,704
Earnings per share	(0.0046)	0.0058

Basic and diluted earnings are identical, as the Company does not have securities with dilution potential.

**8. NON-CURRENT ASSETS**

As of March 31, 2024 fixed assets had an insignificant variation (less than 1%) compared to the end of 2023.

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

ELECTROMAGNETICA SA  
NOTES TO THE SIMPLIFIED SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2024  
(all amounts are in RON, unless otherwise stated)

**9. RIGHTS OF USE ASSETS**

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
<b>Cost</b>			
<b>As of December 31, 2023</b>	<b>2,340,104</b>	<b>230,821</b>	<b>2,570,924</b>
Entries	1,305,335	-	1,305,335
Exits	-	-	-
<b>As of March 31, 2024</b>	<b>3,645,439</b>	<b>230,821</b>	<b>3,876,260</b>
<b>Cumulative amortization</b>			
<b>As of December 31, 2023</b>	<b>(1.021.542)</b>	<b>(149.688)</b>	<b>(1.171.230)</b>
Amortization of the year	(231.707)	(12.359)	(244.066)
Cumulative amortization on outflows	-	-	-
<b>As of March 31, 2024</b>	<b>(1.253.249)</b>	<b>(162.047)</b>	<b>(1.415.296)</b>
<b>Net book value</b>			
<b>As of December 31, 2023</b>	<b>1.318.562</b>	<b>81.132</b>	<b>1.399.694</b>
<b>As of March 31, 2024</b>	<b>2.392.190</b>	<b>68.774</b>	<b>2.460.963</b>

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

	<u>Q1 2024</u>	<u>Q1 2023</u>
Depreciation expense related to the rights to use leased assets	268,591	332,234
Interest on lease liabilities	25,771	26,917
<b>Total amounts recognized in the profit and loss account</b>	<b>294,362</b>	<b>359,151</b>

As of March 31, 2024 the lease liabilities amounted to RON 2,497,952, of which RON 874,823 short term and RON 1,623,129 long term.

As of December 31, 2023, the lease liabilities amounted to RON 1,444,911, of which RON 720,847 short term and RON 724,064 long term.

**10. INVENTORIES**

	<u>March 31 2024</u>	<u>December 31 2023</u>
Raw materials	8.224.337	8.719.964
Consumables	2.446.475	2.500.351
Finished products	14.353.044	13.799.830
Products in progress	1.084.706	2.064.672
Other inventories	944.354	949.286
Adjustments for impairment of inventories	(9.318.915)	(9.318.915)
<b>Total</b>	<b>17.734.002</b>	<b>18.715.189</b>

The company has no pledged stocks on account of debts.

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

ELECTROMAGNETICA SA  
NOTES TO THE SIMPLIFIED SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2024  
(all amounts are in RON, unless otherwise stated)

## 11. TRADE AND OTHER RECEIVABLES

*Trade receivables* decreased compared to December 31, 2023, primarily due to a decrease in sales and a reduction in the electricity supply activity, but also as a result of the collection of overdue receivables.

In this regard, overdue receivables decreased compared to the end of 2023 as a result of the collection efforts made by the Company; in cases where the debt recovery could not be done amicably, the Company initiated court actions, which led to an increase in the balance of bad uncertain receivables.

The increase of receivables significantly overdue (i.e. more than 180 days) in the total overdue receivables was mainly generated by the difficult collection of receivables related to public projects that include receivables from public entities (i.e. territorial administrative units) as well as from private companies that implemented projects whose beneficiaries were public entities.

	<b>March 31 2024</b>	<b>December 31 2023</b>
Current	17,755,208	20,342,112
Overdue :	22,349,161	25,451,202
<i>Of which, overdue by:</i> 1-90 days	3,096,021	8,101,582
91 – 180 days	5,250,452	5,548,228
over 180 days	14,002,688	11,801,392
Uncertain receivables	4,335,052	3,395,412
<b>Total</b>	<b>44,439,421</b>	<b>49,188,726</b>
Adjustments	(13,827,285)	(13,808,010)
<b>Net trade receivables</b>	<b>30.612.136</b>	<b>35,380,716</b>

## 12. CASH AND CASH EQUIVALENTS

	<b>March 31 2024</b>	<b>December 31 2023</b>
Cash in the cashier	11,783	16,639
Current accounts with banks	24,414,447	25,110,929
Cash equivalents	2,387	11,332
<b>Total</b>	<b>24,428,616</b>	<b>25,138,900</b>

*Cash and cash equivalents* it fell 3% due to the decrease in the volume of activity. There was no drawdown from credit lines.

## 13. TRADE AND OTHER LIABILITIES

With regards to *Long-term debt*, there were no significant changes compared to the end of 2023 (+3%).

*Current liabilities* recorded a significant decrease of 25% as a result of the decrease in the volume of activity

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**14. RELATED PARTY TRANSACTIONS**

	<b>Q1 2024</b>	<b>Q1 2023</b>
<b>Sale of goods and services to subsidiaries</b>		
Electromagnetica Fire	6,939	6,470
Electromagnetica Prestserv	6,149	5,931
Procetel	36,959	41,664
<b>Total</b>	<b>50,047</b>	<b>54,065</b>
	<b>Q1 2024</b>	<b>Q1 2023</b>
<b>Purchases of goods and services from subsidiaries</b>		
Electromagnetica Fire	280,453	421,370
Electromagnetica Prestserv	312,936	357,523
Procetel	329,287	379,802
<b>Total</b>	<b>922,676</b>	<b>1,158,695</b>
	<b>March 31 2024</b>	<b>December 31 2023</b>
<b>Commercial and other liabilities to subsidiaries</b>		
Electromagnetica Fire	110,916	328,452
Electromagnetica Prestserv	127,124	423,023
Procetel	6,376	171,754
<b>Total</b>	<b>244,416</b>	<b>923,229</b>
	<b>March 31 2024</b>	<b>December 31 2023</b>
<b>Commercial and other receivables to subsidiaries</b>		
Procetel	15,540	-
<b>Total</b>	<b>15,540</b>	<b>-</b>

Transactions between the company and the related parties take place under normal market conditions. The subsidiaries do not conduct operations that impact the outcome of the group.

**15. COMMITMENTS AND POTENTIAL LIABILITIES**

**Commitments**

As of March 31, 2024, the company has commitments granted by two financing banks:

- For bank loans in the form of overdraft for working capital in the amount of RON 10,000,000;
- Non-cash guarantee agreements worth RON 10,000,000.

On March 31, 2024, the company had at its disposal the amount of RON 10,000,000 net from the loan facilities contracted with the banks.

Also on March 31, 2024 the company had at its disposal the amount of RON 3,602,186, as unused from the non-cash facilities for letters of guarantee.

According to the current loan agreements, the company is subject to certain conditions imposed by the banks. On March 31, 2024, the company was included in all financial indicators imposed in the financing contracts.

The commitments received from customers and tenants in the form of letters of guarantee on March 31, 2024, are worth RON 193,330 according to the contractual stipulations.



***Litigations***

Disputes in which the company is involved are of values that are not likely to affect the financial stability of the company.

**16. EVENTS AFTER THE REPORTING DATE**

The agenda of the Ordinary General Meeting of Shareholders on April 25, 2024 included and approved the proposal on the reserve coverage of the loss recorded in 2023.

Also, the agenda of the Extraordinary General Meeting of Shareholders on April 25, 2024 included and approved the following proposals:

- Approving the acquisition, alienation, exchange or guarantee of assets belonging to the category of fixed assets of the company, whose value, individually or cumulatively, is no more than 35% of the total fixed assets, less receivables and mandating the Board of Directors to analyze and decide on their acquisition, alienation, exchange or guarantee and to take all legal steps to conclude the legal act of acquisition/alienation/exchange/guarantee, within the limit approved above; and
- Approval of the amendment of the articles of incorporation of the Company.

**ECONOMIC AND FINANCIAL INDICATORS IN ACCORDANCE  
WITH ANNEX 13 OF FSA REGULATION 5/2018**

<b>Name of the indicator</b>	<b>Calculation Formula</b>	<b>Q1 2024</b>	<b>Q1 2023</b>
Current ratio	Current assets/current liabilities	3.71	2.99
Debt ratio	Long-term borrowed Capital / equity x 100	0.28	0.31
	Long-term borrowed Capital / committed Capital x 100	0.28	0.30
Accounts receivable collection period (days)	Average customer balance / turnover x 90	109.0	135.0
Non-current assets turnover (days)	(Turnover x 360 / 90) / non-current assets	0.35	0.62

**Note:**

1. **Current ratio** provides the guarantee of coverage of current liabilities from current assets.
2. **Debt ratio** expresses the effectiveness of credit risk management, indicating potential problems of financing, liquidity, with influences in honoring the commitments assumed.

Borrowed Capital = loans over one year and other interest-bearing loans  
Committed Capital = borrowed capital + equity

3. **Accounts receivable collection period** expresses the effectiveness of the company in collecting its receivables, namely the number of days until the date on which debtors pay their debts to the company.
4. **Non-current assets turnover** expresses the effectiveness of the management of fixed assets, by examining the turnover generated by a certain amount of fixed assets.

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**DANIELA CUCU**  
General Manager

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**CRISTIAN RADU**  
Chief Financial Officer