

ELECTROMAGNETICA S.A.
ADMINISTRATORS' REPORT FOR 2024
- CONSOLIDATED STATEMENTS -

according to the provisions of art.63 of law 24/2017, annex 15 to ASF Regulation No. 5/2018 and the Bucharest Stock Exchange Code

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1. IDENTIFICATION DATA OF ELECTROMAGNETICA S.A.

Company Name:	ELECTROMAGNETICA S.A.
Registered Office:	Bucharest, 5th district, Calea Rahovei no. 266-268, postal code 050912
Phone / Fax:	021 404 21 02/ 021 404 21 95
Unique registration no.	414118
Trade Registry number	J40/19 / 1991
Regulated market:	Bucharest Stock Exchange, Capital securities department, Shares, 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. PRESENTATION AND HISTORY OF THE GROUP

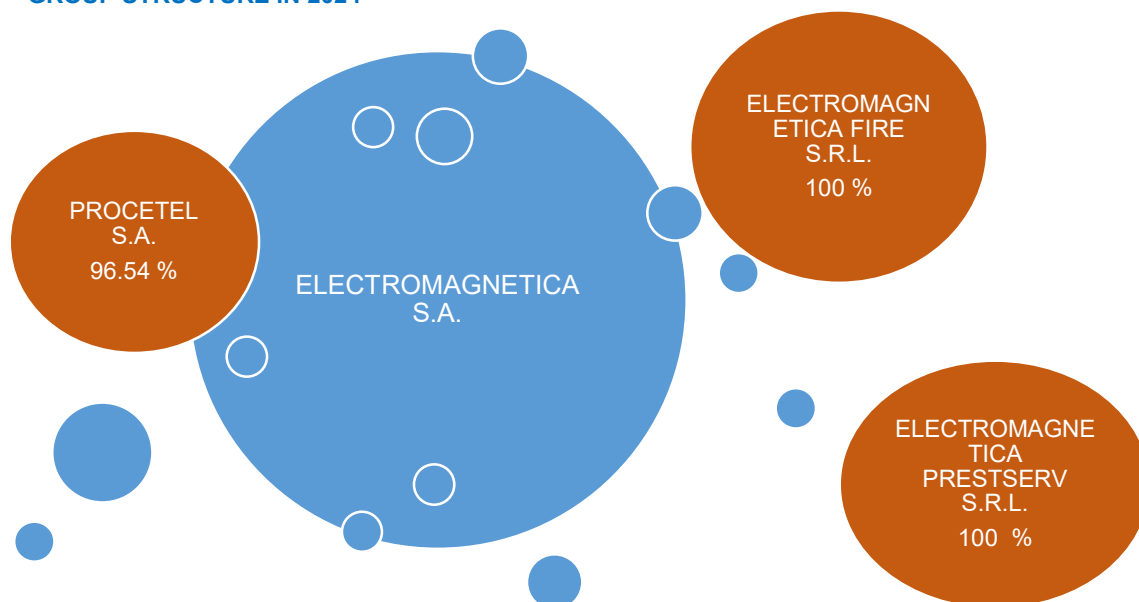
The parent company was established in 1930 under the original name of "Standard Electrica Romana". The other entities within the Group were established as follows: As for the other entities within the Group, they have been set up as follows:

Procetel S.A. - was established in 1991, having as main object of activity research-development in other natural sciences and engineering.

Electromagnetica Prestserv S.R.L. - was established in 2003 by outsourcing cleaning services within ELMA.

Electromagnetica Fire S.R.L. - was established in 2006, by outsourcing technical assistance services for fire prevention and extinguishing and private emergency services for civil protection.

3. GROUP STRUCTURE IN 2024



4. OVERVIEW OF THE GROUP'S ACTIVITIES

4.1. General presentation of Electromagnetica S.A.

Electromagnetica SA is a joint stock company, founded in 1930, with Romanian legal personality and unlimited lifetime, which is organized and operates according to the statute and on the basis of Law no. 31/1990 republished, in

compliance with the legislation on the capital market and Law no. 24/2017 on issuers of financial instruments and market operations.

The share capital of the company is 67,603,870.40 lei, divided into 676,038,704 common shares, nominative and dematerialized, registered in electronic account in the register of shareholders kept by Depozitarul Central S.A. According to the company's statute, the main object of activity is the manufacture of instruments and devices for measurement, verification, control, navigation (NACE code 2651).

Electromagnetica S.A., as a trading company whose shares are admitted on a regulated market (Bucharest Stock Exchange, Premium category, Elma symbol) adopted IFRS (International Financial Reporting Standard) starting with the financial year of 2012. The financial statements for 2023 were prepared in accordance with the Ordinance of the Public Finances Ministry no. 2844/2016 for the approval of Accounting regulations in accordance with the International Financial Reporting Standards adopted by the European Union.

The company prepares consolidated financial statements as the parent company of a group of companies.

4.2. Overview of subsidiaries

Electromagnetica Prestserv S.R.L. is a limited liability company with headquarters in Calea Rahovei 266-268, 5th district, Building 1, 2nd floor, axes A-B, poles 1-2, registered at the Trade Register Office attached to the Bucharest Court with no. J40 / 1528 / 2003, Unique registration number 15182750, which provides cleaning services. Electromagnetica SA owns 100% of the company's capital.

Electromagnetica Fire S.R.L. is a limited liability company with headquarters in Calea Rahovei No. 266-268, 5th district, Building 2, ground floor, axes R-D, poles 6 - 7, registered with the Trade Register Office attached to the Bucharest Court with no. J40 / 15634 / 2006, Unique registration number 19070708, which carries out activities in the field of fire defense, fire prevention and extinguishing technical assistance and private emergency services on civil protection. Electromagnetica SA owns 100% of the share capital.

Procetel S.A. is a joint stock company with headquarters in Calea Rahovei 266-268, Bucharest, 5th district, trade registry number J40 / 10437 / 1991, Unique registration number 406212, phone number: 031.700.2614, fax: 031.700.2616, having as main activity research and development in other natural sciences and engineering (NACE code 7219). Currently, the company's revenues come mostly from the rental business. Electromagnetica SA's holding in Procetel SA is 96.54% of the capital. The company is managed by a sole administrator, Mr. Cristian - Iulian RADU.

5. MERGERS, REORGANIZATIONS AND LIQUIDATIONS OF SUBSIDIARIES

In view of the decision of the sole administrator of April 30, 2024 and the fulfillment of the necessary legal conditions, the shareholders Electromagnetica Prestserv S.R.L. and Electromagnetica Fire S.R.L. have initiated the process of dissolution and liquidation of the companies, appointing Business Recovery BD&A S.P.R.L. as liquidator. The administration of Electromagnetica Fire S.R.L. and Electromagnetica Prestserv S.R.L. is carried out by Business Recovery BD&A S.P.R.L., as sole administrator. At 31.12.2024 the process was ongoing.

The General Shareholders' Meeting of Procetel S.A. held on 18.11.2024 approved the dissolution of Procetel S.A., the dissolution date being set at 30 days from the publication of the decision of the General Shareholders' Meeting in the Official Gazette. At 31.12.2024 the process was ongoing.

6. TRANSACTIONS OF THE PARENT COMPANY WITH RELATED PARTIES

Sales of goods and services to subsidiaries, totaling RON 75,221, include deliveries of various materials, rents and utilities. Purchases from subsidiaries, totaling RON 2,087,609, mainly comprise the provision of services (repairs, cleaning and transportation services, security and fire protection).

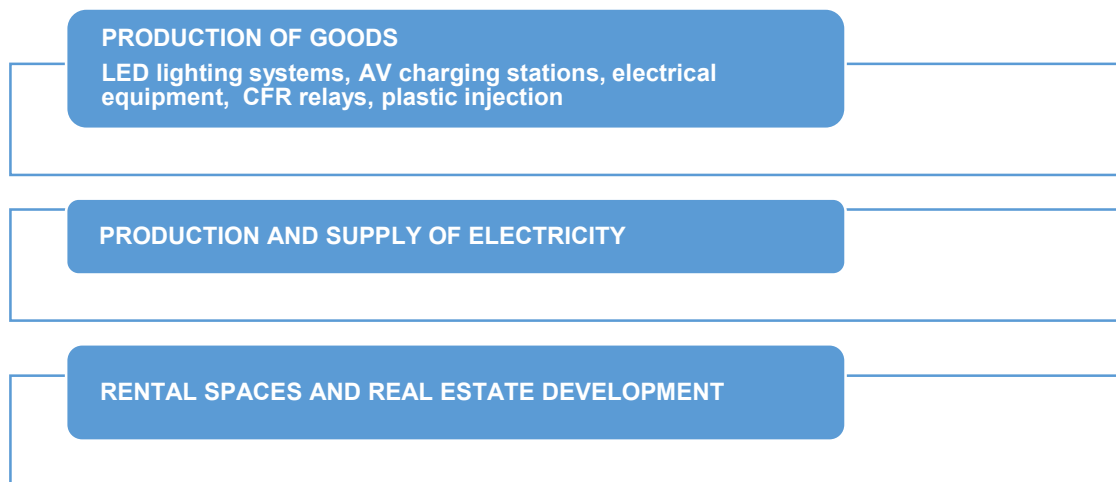
7. CONTRIBUTION OF THE PARENT COMPANY TO THE RESULT OF THE GROUP

In the table below we can see the reduced weight of the other companies in the group to the consolidated results

	December 31, 2024			December 31, 2023		
	Group	Parent company	% parent company	Group	Parent company	% parent company
	RON	RON		RON	RON	
Non-current assets	328,195,029	322,667,295	98.32%	316,804,323	311,685,446	98.38%
Current assets	111,784,876	109,521,681	97.98%	88,644,343	82,604,665	93.19%
Attributable equity to shareholders of the company	392,786,747	384,722,511	97.95%	357,390,646	345,747,758	96.74%
Long term liabilities	31,119,293	31,358,324	100.77%	20,863,669	21,332,310	102.25%
Current liabilities	15,731,612	16,108,141	102.39%	26,801,943	27,210,043	101.52%

8. DESCRIPTION OF THE ACTIVITY OF THE GROUP AND THE PARENT COMPANY

In 2024 Electromagnetica S.A. had the following main lines of business:



Electromagnetica SA provides rental and utility services to subsidiaries. Description of its electromagnetic activity is found in **Annual Report 2024 - Separate statements** published alongside the present report.

PROCETEL S.A. operates mainly rental activities to its Electromagnetica. Another activity was the delivery, installation and maintenance of air conditioners. The rental services received by Electromagnetica SA from Procetel SA are carried out with the right to rent to independent entities because the subsidiaries do not have sufficient and specialized personnel to manage these rental contracts. Sublease of spaces is done without applying a profit margin and without charging a commission for these services provided to affiliates.

ELECTROMAGNETICA PRESTSERV S.R.L. provides cleaning services in relation to Electromagnetica S.A.

ELECTROMAGNETICA FIRE S.R.L. carries out in relation to Electromagnetica S.A. activities in the field of fire defense, private emergency services regarding civil protection

9. THE MAIN EVENTS WITH A SIGNIFICANT IMPACT IN THE FUNCTIONING OF THE GROUP

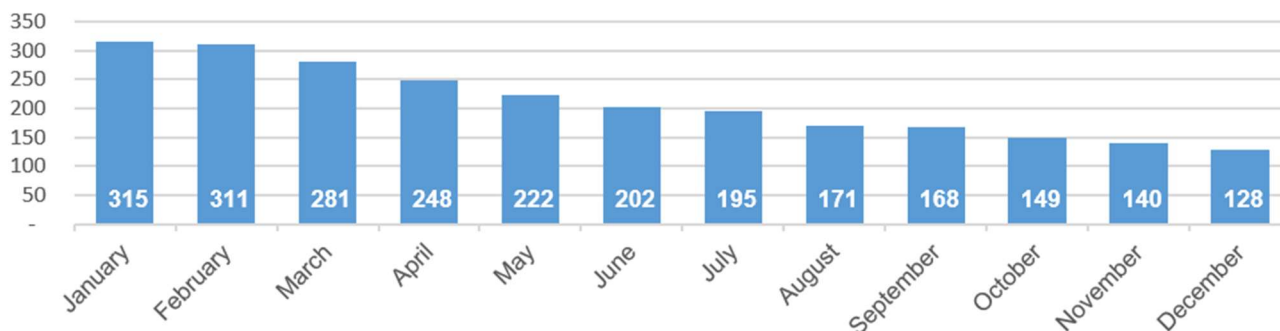
There were no events with impact in the functioning of the Group. The significant events in the development of Electromagnetica S.A. have been described in the Activity Report on the separate financial statements of the company.

10. ASSESSMENT OF ASPECTS RELATED TO EMPLOYEES OF THE COMPANIES

ELECTROMAGNETICA S. A.

In 2024 the average number of employees was 211.

**EVOLUTION OF NUMBER OF EMPLOYEES
IN 2024**



The decrease in the number of employees is due to the consolidation of internal processes and flows in terms of the profitability of the business lines and the optimization of the product portfolio to maximize the profit achieved.

The process of streamlining operations has helped to stabilize the company's financial performance in the face of global economic challenges, and the strategy of consolidating the business and aligning with the most profitable market segments is at the core of the progress made in recent times.

The high level of training and qualification of employees enables both the production of new milestones and job changes within the company, as needed. During 2024, the company's employees received various social benefits, mainly due to medical emergencies.

Relations between management and employees are normal. Union density is around 55% and there have been no industrial disputes between employers and trade unions.

For other group companies :

Company	Average employees no.
ELECTROMAGNETICA FIRE S.R.L.	10
ELECTROMAGNETICA PRESTSERV S.R.L.	10
PROCETEL S.A.	4

In 2024 there were no new cases of occupational diseases or events with major impact on the health and safety of people.

11. IMPACT OF THE GROUP'S WORK ON THE ENVIRONMENT

Electromagnetica S.A. has all the legal environmental authorizations necessary to carry out the activity. The company does not carry out activities with a significant impact on the environment and has no litigation regarding violations of environmental protection legislation.

The other companies in the group operate in the same premises (ELECTROMAGNETICA BUSINESS PARK), do not have activities that by their nature pollute the environment and comply with the same rules on environmental compliance.

12. RISK MANAGEMENT OBJECTIVES AND POLICIES. RISK FACTORS

For Electromagnetica S.A., the detail of the risks and how they are managed is described in the Directors' Report - Separate Financial Statements. The market, default and cash-flow risks of the other group companies are closely linked to Electromagnetica S.A., for which they almost exclusively perform activities.

Independently, there remain risks related to sanctions (including GDPR), lack of qualified human resources and medical risks. In order to minimize these risks the group companies participate in the compliance courses organized by Electromagnetica S.A. and rely on the same working procedures and actions in special cases, developed by Electromagnetica S.A.

13. PERSPECTIVE ELEMENTS OF THE GROUP COMPANIES

Being dependent mostly on commercial relations with Electromagnetica SA, the perspective of the group companies depends on its evolution. In **Administrators report- Separate statements** the market trends and commercial policies of Electromagnetica S.A. are presented

14. CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024

Note: The results of the group are strongly influenced by the results of Electromagnetica SA, having the same trend.

14.1 Financial position

	December 31 2024	December 31 2023
ASSETS		
Non-current assets		
Property, plant and equipment	298,383,201	285,980,090
Investment property	24,903,878	23,569,292
Intangible assets	360,237	567,327
Other non-current assets	4,519,717	6,606,482
Rights of use assets	27,996	81,132
Total non-current assets	328,195,029	316,804,323
Current assets		
Inventories	7,308,363	18,753,989
Trade receivables	12,933,198	35,412,343
Cash and cash equivalents	75,704,694	30,888,179
Deposits placed with banks	10,000,000	-
Other current assets	3,320,621	1,889,429
Assets classified as held for sale	841,296	-
Current tax receivables	1,676,704	1,700,402
Total current assets	111,784,876	88,644,343
Total assets	439,979,905	405,448,666
EQUITY AND LIABILITIES		
Equity		
Share capital	67,603,870	67,603,870
Reserves and other equity items	223,797,142	217,810,770
Retained earnings	101,385,735	71,976,006
Total equity attributable to shareholders	392,786,747	357,390,646
Non-controlling interests	342,253	392,409
Total equity	393,129,000	357,783,055
Long term liabilities		
Trade and other payables	1,717,399	867,718
Investment subsidies	-	3,757,433
Deferred tax liabilities	29,214,286	16,208,824
Lease liabilities	187,608	29,694
Total long-term liabilities	31,119,293	20,863,669
Current liabilities		
Trade and other payables	13,148,776	25,178,506
Investment subsidies	-	163,219
Provisions	2,511,532	1,405,436
Lease liabilities	71,304	54,781
Total current liabilities	15,731,612	26,801,943
Total liabilities	46,850,905	47,665,611
Total equity and liabilities	439,979,905	405,448,666

14.2 Profit or loss result

	Period of 12 months ended at December 31 2024	Period of 12 months ended at December 31 2023
Revenue	97,670,343	195,145,330
Investment income	1,334,586	160,574
Other income and expenses	3,139,468	(14,321,439)
Change in inventories of finished products and work in progress	(2,447,031)	7,841,706
Capitalized workings	-	2,219,694
Raw materials and consumables used	(56,061,510)	(102,353,203)
Employees benefits expenses	(26,257,762)	(43,463,220)
Depreciation and amortization expense	(9,682,080)	(32,401,726)
Other expenses	(16,231,672)	(49,018,553)
Financial income	1,998,133	1,297,115
Financial expenses	(135,104)	(567,171)
Profit / (Loss) before tax	(6,672,629)	(35,460,893)
Income tax	(4,321,350)	5,502,777
Profit / (Loss) for the period	(10,993,979)	(29,958,115)

14.3 Statement of cash flows

	Period of 12 months ended at December 31 2024	Period of 12 months ended at December 31 2023
Net cash from operating activities	10,895,027	22,770,180
Net cash used in investment activities	34,120,607	(4,445,118)
Net cash used in financing activities	(199,119)	(2,854,271)
Net increase / (decrease) in cash and cash equivalents	44,816,515	15,470,791
Cash and cash equivalents at the beginning of the period	30,888,179	15,417,388
Cash and cash equivalents at end of period	75,704,694	30,888,179

15. DIVIDEND POLICY

Electromagnetica S.A.:

Considering that a negative result was recorded in 2024, the proposal of the Board of Directors is to cover the loss by using the "other reserves" account.

Subsidiaries:

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

16. INDEPENDENT EXTERNAL AUDITOR

Following the Ordinary General Meeting of April 2023, it was decided to mandate Deloitte Audit SRL in order to audit the financial statements related to the years 2023 and 2024. The audit company is represented by Răzvan Ungureanu-audit partner. Identification data of **Deloitte Audit SRL** are the following:

Fiscal Identification Number RO 7756924, Registration number with the Trade Register 40/6775/1995

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

Company headquarters-Bucharest, 1st district, Calea Grivitei 82-98, building „The Mark”

Phone number 021/222.16.61, Fax 021/319. 51. 00

Note: In this material are presented only the elements characteristic of the consolidated statements respectively, those related to the group of companies controlled by Electromagnetica S.A. The parent company is the only one that carries out production activities. Since the activity of the group is mostly determined by the activity of the parent company (> 99 % of income), all other aspects described in Administrators' Report - Separate statements are also valid for Administrators' Report - Consolidated Statements, without being repeated in this material.

President of the Board of Directors /General Director
Daniela-Adi CUCU

Chief Accountant
Maria Gârzu

DECLARATION

This declaration is made in accordance with the provisions of Article 31 of the Accounting Law no. 82/1991, republished, and Article 65 paragraph (2) letter c) of Law no. 24/2017 (R) on issuers of financial instruments and market operations, regarding the consolidated financial statements of Electromagnetica S.A. prepared as of December 31, 2024, concerning the extent to which these statements present a true and fair view, in all material respects, of the financial position of Electromagnetica S.A. and its subsidiaries included in the consolidation perimeter as of December 31, 2024, as well as the results of its operations for the year ended on that date, in accordance with the applicable accounting regulations in Romania, namely:

Accounting Law no. 82/1991, republished;

Ministry of Public Finance Order no. 2844/2016 approving the Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union;

Law no. 24/2017 (R) regarding issuers of financial instruments and market operations, according to which the company is required to prepare and submit to the F.S.A. consolidated annual financial statements, in accordance with the International Financial Reporting Standards adopted by the European Union, no later than 4 months after the end of the financial year.

By this declaration, we confirm that, in our view, the annual financial statements prepared in accordance with the applicable accounting standards present 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 consolidation process, as a whole, and that the report of the Board of Directors includes an accurate analysis of the development and performance of Electromagnetica S.A. and the companies involved in the consolidation, as well as a description of the main risks and uncertainties specific to the activities carried out.

We assume responsibility for the true and fair presentation of the consolidated financial statements as of December 31, 2024, in accordance with the legal regulations mentioned above.

Daniela CUCU
General Manager

Maria GÂRZU
Chief Accountant