



ELECTROMAGNETICA S.A.
ADMINISTRATORS' REPORT FOR THE YEAR 2024
- SEPARATE STATEMENTS -

in accordance with the provisions of Article 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 Bucharest Stock Exchange Code.

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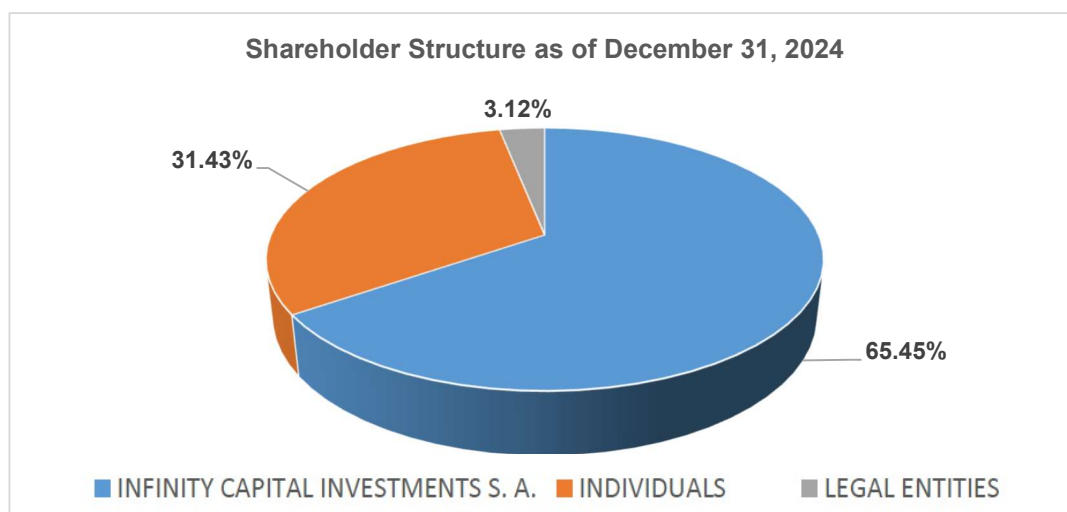
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1. IDENTIFICATION DATA OF THE COMPANY

Company Name:	Electromagnetica S.A.
Registered Office:	Bucharest, District 5, Calea Rahovei no. 266-268, postal code 050912
Phone number / Fax:	021 404 21 02/ 021 404 21 95
Unique registration no.:	414118
Trade Registry number:	J40/19/1991
Regulated market:	Bucharest Stock Exchange, Equity Securities Sector, 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. SHAREHOLDER STRUCTURE

On 12.31.2024 the company had **6,135** shareholders. According to the records of the Depozitarul Central S.A., the summary structure at the end of the year is as follows:



3. COMPANY OVERVIEW

Electromagnetica S.A. is a joint-stock company established in 1930 with Romanian legal personality and unlimited life span which is organized and operates in accordance with the Articles of Incorporation and on the basis of the Law no. 31/1990 on Companies, republished, in compliance with the 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 share capital of the company is 67,603,870.40RON divided into 676,038,704 common shares, nominative and dematerialized, registered in electronic account in the shareholders' register kept by the Depozitarul Central S.A. According to the Company's articles of incorporation, the main object of activity is the manufacture of instruments and devices for measuring, checking, control and navigation (NACE code 2651).

Electromagnetica S.A., as a commercial company whose shares are admitted on a regulated market (Bucharest Stock Exchange, Premium category, symbol ELMA) has adopted IFRS (International Financial Reporting Standard) starting with the financial year 2012. The financial statements for the year 2024 were prepared in accordance with the provisions of OMFP no. 2844/2016 for the approval of the Accounting Regulations in compliance with the International Financial Reporting Standards adopted by the European Union

3.1. MISSION, VISION, VALUES

The mission of Electromagnetica S.A.'s top level management and employees is to offer high performance products and services based on technologies that promote sustainable development, with a focus on social responsibility and the interest of its shareholders.

The values that define and permanently shape the company's identity and organizational culture are :

Creativity	We are innovative and always seek to apply the latest technologies and the most appropriate solutions;
Business ethics	It is the foundation of our business relationships, based on honesty, integrity, communication and mutual trust;
Social responsibility	We consider our employees as one of our most important resources and we strive to motivate and provide them with the best working conditions and continuous training;
Environmental protection	We act responsibly to protect the environment, both by promoting energy-efficient products and through selective collection and recycling measures at our production sites
Adaptability	We are constantly adapting to market demands, seeking and discovering new opportunities, but remaining constantly centered on the needs and expectations of our shareholders.

3.2. ETHICS. COMPLIANCE. SUSTAINABILITY








At the basis of ELECTROMAGNETICA S.A. activity is *the CODE OF ETHICS AND PROFESSIONAL CONDUCT*, elaborated, approved and put into practice in 2021.

The company gives particular importance to the *COMPETITION RULES COMPLIANCE MANUAL* by which the company informs all employees and collaborators of the principles and competition law and undertakes a competition policy that complies with these principles and legal norms.

As Electromagnetica S.A. is a subsidiary of the Infinity Capital Investments S.A. Group, non-financial information on the activity of Electromagnetica S.A. will be presented in the Sustainability Report of the Group for the year 2024.

3.3. LEGAL FRAMEWORK

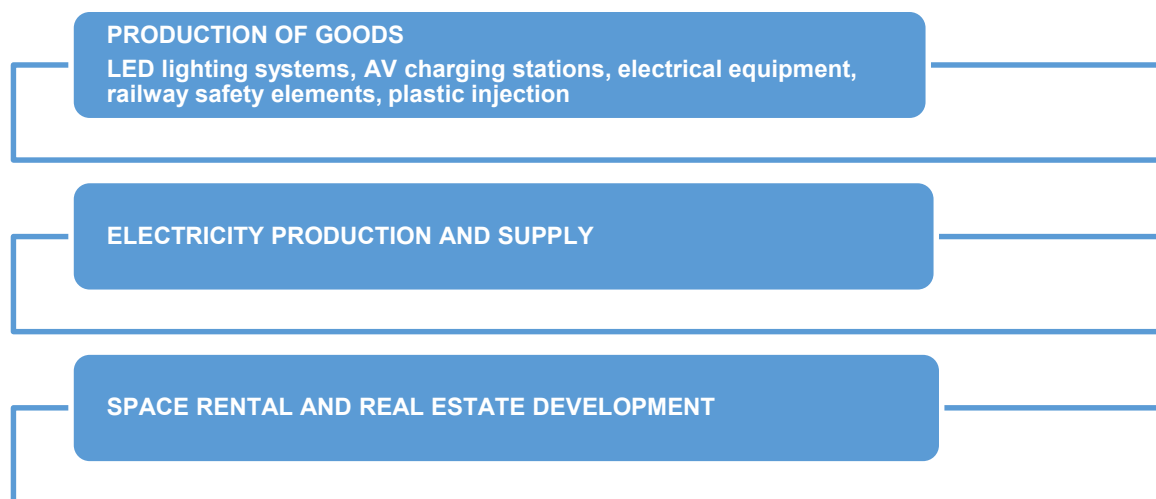
During the reporting period the company conducted its activity in compliance with the legal provisions contained, in particular, in :

-  Law no. 31/1990 on Companies, republished, with subsequent amendments and additions;
-  Law no. 24/2017 on issuers of financial instruments and market operations, republished;
-  Electricity and Natural Gas Law No 123/2012, as amended and supplemented;
-  Water Law no. 107/1996, as amended and supplemented;
-  A.S.F. Regulation no. 5 /2018, on issuers of financial instruments and market operations, with subsequent amendments and additions;
-  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 amending and supplementing some orders of the President of the National Energy Regulatory Authority;
-  Bucharest Stock Exchange Code;

as well as other primary and secondary legislation in the fields of activity in which they operate, and in compliance with the provisions of Articles of Incorporation updated in accordance with the resolution of the Extraordinary General Meeting of Shareholders of April 25, 2024.

3.4. DESCRIPTION OF BASIC ACTIVITY

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



Starting in 2025, the core business of Electromagnetica S.A. is subsumed to the objective of increasing operational efficiency by recalibrating the company's efforts and resources towards those lines of activity that generate added value for shareholders. In this regard, in view of the disposal of the micro-hydropower plants in Suceava County in the second semester of 2024, Electromagnetica S.A. exited the electricity generation market (which was the subject of the current report dated November 21, 2024).

Also, following the analysis performed on the contractual relationships of Electromagnetica S.A., the goods production activity was recalibrated and negotiations with business partners were started in order to maintain those commercial relationships that generate added value for Electromagnetica S.A. As a result, starting from the second semester of 2024, measures were implemented to ensure a better promotion of the company's interests, including decisions to resize the goods production activity only towards the commercial relationships that generated/generate added value. The process of streamlining the goods production activity will continue in 2025.

3.5. MERGERS, LIQUIDATIONS OR REORGANIZATIONS

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

Thus, given the decision of the sole shareholder of April 30, 2024 and the fulfilment 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 provided by Business Recovery BD&A S.P.R.L., as sole administrator. At December 31, 2024 the process was ongoing.

The General Shareholders' Meeting of Procetel S.A. held on November 18, 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. On December 31, 2024 the process was ongoing.

3.6. MAIN EVENTS WITH SIGNIFICANT IMPACT

Several important events took place in 2024, the most important of which are listed below in chronological order:

25.04.2024	Ordinary General Meeting of Shareholders and Extraordinary General Meeting of Shareholders. It approves the financial statements and the acquisition, disposal, exchange or pledging as collateral of assets in the category of the company's fixed assets, the value of which, individually or in aggregate, is not more than 35% of the total fixed assets, less receivables.
08.08.2024	During the auction organized on 07.08.2024, the asset consisting of 11 Small Hydro Power Plants (SHPPs) located in the Suceava River catchment area, consisting of land, buildings and equipment was awarded at the price of 33.550.000 RON (VAT is applied according to the legal provisions).
30.08.2024	Appointment of Commercial Director (term of office starting 02.09.2024) and termination of term of office of Financial Director (last day of term of office being 31.08.2024).
01.10.2024	Contract signed with ABB Sace (Italy).

14.10.2024	Ordinary General Meeting of Shareholders. The amendment to the 2024 Income and Expenditure Budget approved by the General Meeting of Shareholders on April 25, 2024 is approved.
21.10.2024	Approaches regarding the sale/transfer of electric vehicle charging station production activity.
18.11.2024	Inquiries regarding the sale Plastic injection molding machines.
19.12.2024	Extraordinary General Meeting of Shareholders. The implementation of a share buy-back program by the Company (maximum 60,000,000 own shares) is approved.

Detailed information is available at :

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

3.7. ELEMENTS OF GENERAL EVALUATION

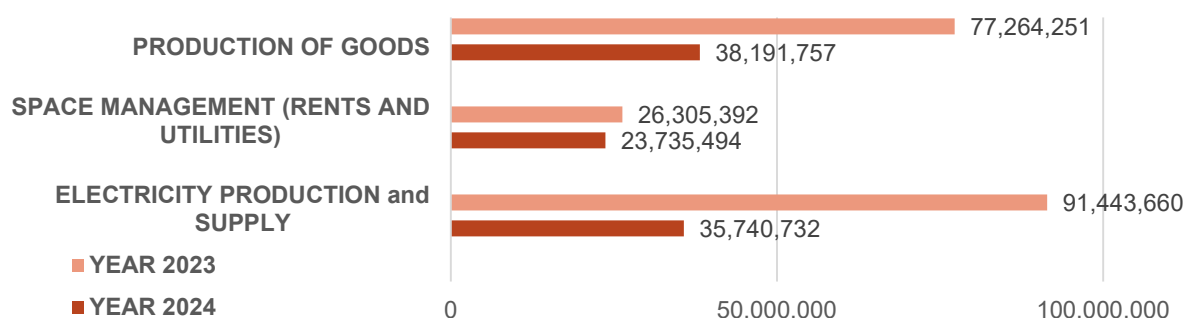
No. Crt	Specification	2024	2023
1	Total revenue (RON)	153,967,847	211,881,862
2	Total expenses (RON)	157,191,977	248,469,742
3	Gross profit (RON)	(3,224,120)	(36,587,880)
4	Gross profit rate	-2.09 %	-17.27%
5	Net profit (RON)	(7,407,144)	(31,033,088)
6	Net profit rate	-4.81 %	-14.65%
7	Average number of employees	211	350

In 2024, the company strengthened its internal processes and flows in terms of profitability of its business lines, optimizing its product portfolio to maximize the profit achieved. The process of streamlining operations has helped stabilize the company's financial performance given the global economic challenges, and the strategy of consolidating the business and aligning with the most profitable market segments underpins the progress made in the recent period.

Further details can be found in the Financial Statements and the Explanatory Notes to the Financial Statements.

4. PRODUCTS AND SERVICES OFFERED BY ELECTROMAGNETICA

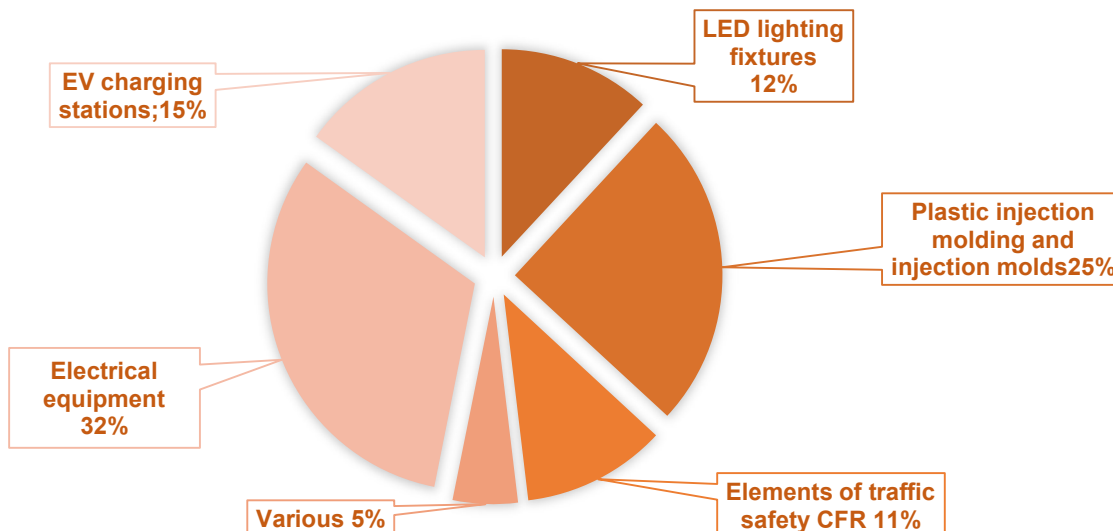
4.1. TURNOVER STRUCTURE



4.2. PRODUCTION OF GOODS

The share of the main product groups in turnover from the production of goods (excluding services) is shown below:

STRUCTURE OF PRODUCTION OF GOODS IN 2024



4.2.1. PRODUCTS AND SERVICES TO INCREASE ENERGY EFFICIENCY

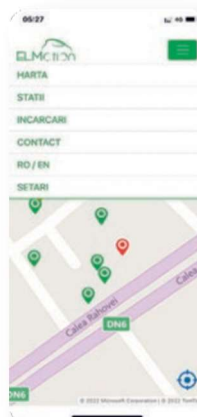
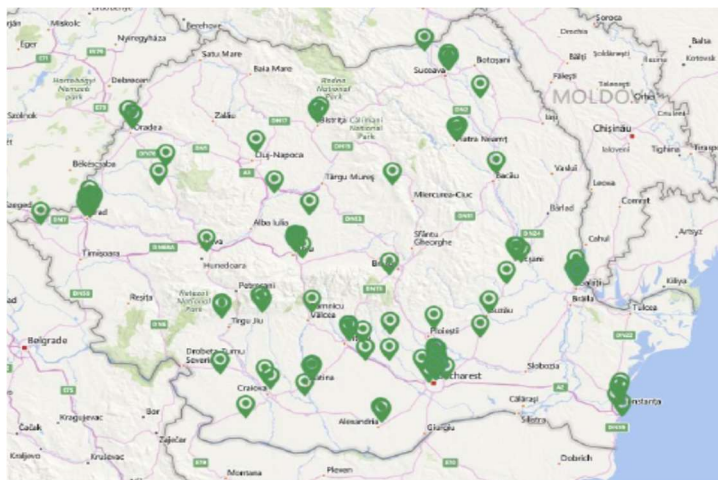
4.2.1.1 LED lighting fixtures, systems and solutions

By 2024, the Company produced LED lighting equipment. Given the significant inventory of products in the nature of LED lighting fixtures, systems and solutions in the Company's warehouses, during 2024, the Company recalibrated its lighting fixture manufacturing activity to align its finished goods inventory with recorded sales. In addition, the Company re-analyzed and improved the sales process of finished products, in terms of reorienting from direct participation in public tenders (where collection terms were very long, on average over 360 days) to selling to business partners with whom much shorter collection terms (0-90 days) were negotiated and implemented.

4.2.1.2. Electric vehicle charging stations

ELECTROMAGNETICA S.A. offers complete solutions for delivery, installation and commissioning and station management with its own ELMOTION operating platform, including dispatching and intervention for rapid troubleshooting in case of need.

ELMOTION NETWORK IN ROMANIA : 260 stations of which 52 in Bucharest.



Given the existence of a stock of electric vehicle charging stations in the Company's warehouses, determined - mainly - by the slow pace of sales of finished products, during 2024, the Company decided to implement a production strategy to align the stock of finished products with the sales recorded. In addition, the Company's sales efforts were focused on customers with which market-specific collection terms (0-90 days) were implemented.

4.2.2. OTHER DEVELOPED PRODUCTS

4.2.2.1. Injection of plastics, electrical apparatus and molds

During 2024, the Company re-examined from a profitability standpoint all projects related to the plastics injection molding segment in order to optimize operations and improve financial results. These efforts resulted in commercial renegotiations of contracts disadvantageous to the Company as the cost of raw materials and labor increased significantly in 2024. In this context, in October 2024, the Company informed its shareholders and investors about the termination of the contract with ABB Sace, as well as about the start of a process for the sale of equipment used in the plastics injection activity (which was in progress as at December 31, 2024).

4.2.2.2. Railway traffic safety elements

Orders for the production segment dedicated to rail traffic safety elements are closely linked to the pace of rail infrastructure modernization. Given that CFR Infrastructura is the final beneficiary of these services, progress in the development and modernization of the rail network directly influences the requirements and needs of the market.

4.3. PRODUCTION AND SUPPLY OF ELECTRICITY

4.3.1. Renewable of electricity from renewable sources

Energy production is an area regulated by ANRE; the company has held the producer license since 2007. In 2024 the company operated 10 micro-hydropower plants in the Suceava and Brodina river basins, modernized and automated over time, reaching an installed capacity of 5.5 MW. They were sold in the auction organized on August 7, 2024

In 2024, energy production in own micro-hydropower plants was 8,841 MWh, down about 24% from 2023, also due to a dry year.

Following the company's request, ANRE communicated on November 21, 2024 Decision no. 2450 of November 19, 2024 on the withdrawal of License no. 769 for the commercial operation of generation capacities, granted to Electromagnetica S.A.



4.3.2. Electricity supply activity

During 2024, the company supplied electricity to a number of external customers to cover the difference between the amount produced by the micro-hydropower plants/ purchased from Hidroelectrica and the amount required for the internal production/ tenants' flow.

In 2024, the measures to streamline the 2023 activities and adapt to legislative changes were continued through the integrated operation of activities in the field of electricity generation and supply. The optimization measures can be summarized as follows :

- Renegotiating contracts with customers;
- Ongoing creditworthiness monitoring for both PC-OTC market partners (EFET) and the consumer portfolio;
- Contracting the purchase of energy for end-users when market opportunities arise.

4.4. RENTAL SPACES AND REAL ESTATE DEVELOPMENT

The company manages approximately 37,500 square meters of leasable space in Bucharest and 3,270 square meters in Vârteju, Ilfov County. At the end of 2024, for the leasable premises in Calea Rahovei 266-268, Bucharest, the average rental rate was 83%. For premises in Vârteju commune (Măgurele), the rental rate was 95%.

5. ASSESSMENT OF SUPPLY ACTIVITY

The supply of raw materials and materials was carried out in accordance with the procedure implemented within the integrated management system and in compliance with the requirements imposed by the standards in the areas in which the company operates.

The sources of supply are both from the external market (EU and non-EU countries) and from within the country, suppliers are selected and evaluated periodically on the basis of technical performance, quality, commercial conditions. For

each material there are alternative suppliers/manufacturers, so that security of supply does not depend exclusively on the relationship with a particular supplier.

There were no disruptions in the supply process affecting the production flow

6. ASSESSMENT OF SALES ACTIVITY

6.1. Evolution of sales on the internal and external market

The sale of LED lighting fixtures and systems and charging stations was mainly done by the company through the sales department.

The licensed activities, production and supply of electricity were carried out exclusively on the domestic market through the Energy Production and Supply Department, which also included the Radauți Hydroelectric Power Plant.

In 2024, the Bucharest office space rental market continued to grow, with increased demand for office and warehouse space. In the medium term, demand for space is expected to continue to increase.

6.2. Main competitors

For LED lighting products, the company's main competitors are Signify and Schreder (high price segment); Elba, Amiras, Urbio, Electromax, (medium price); Arc Electronic, Spot Vision, Arelux, Ledvance (low price).

As far as EIMotion, the network operating electric vehicle charging stations, is concerned, competition has grown exponentially in recent years. The main competitors are: Renovatio, Enel X, EV-MAG, EV-CONNECT, Polyfazer, Nextcharge and charging stations produced abroad.

Competition in the retail electricity supply services market is very high, with 54 suppliers currently active in this market.

On the local market for rail traffic safety systems, there are no significant competitors, but orders depend on the progress of rail infrastructure modernization programs, with the company taking the necessary measures to ensure that the profile production is flexible and can cope with the fluctuating nature of orders.

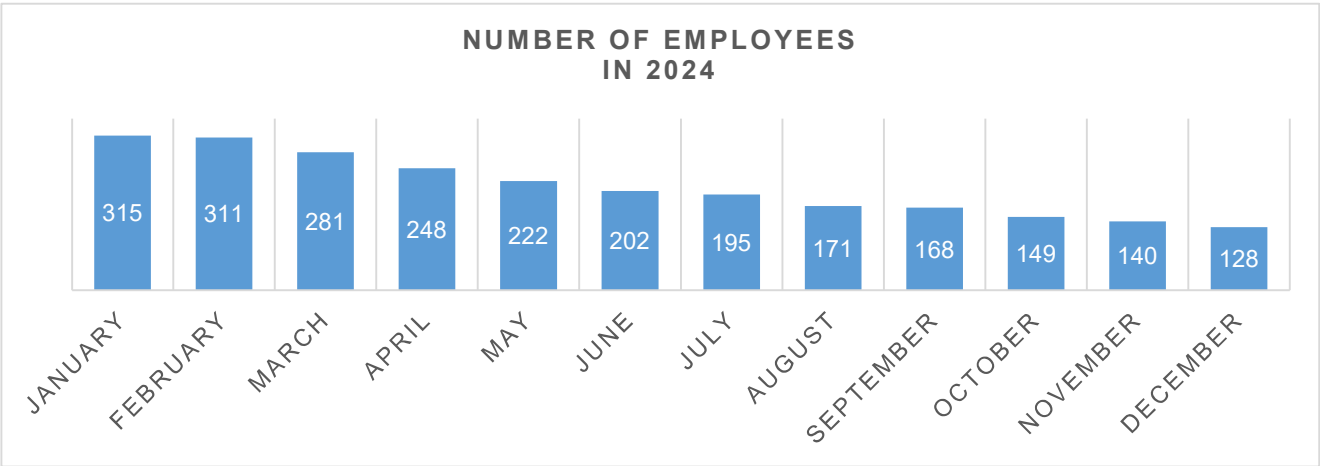
6.3. Significant dependence on a customer or group of customers

Electromagnetica S.A.'s measures to streamline its goods production activity, including the restructuring of operations, led to a significant reduction in the company's dependence on a specific customer or group of customers in this line of business.

As regards the space rental segment, there are no significant dependencies of the company on a client or group of clients, given the elements of tenant structure.

7. ASSESSMENT OF ASPECTS RELATED TO THE COMPANY'S EMPLOYEES

In 2024 the average number of employees was 211.



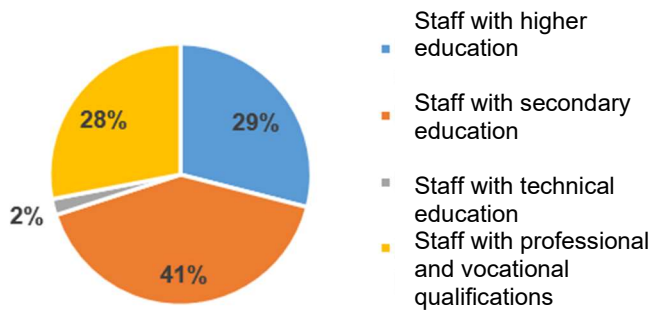
The decrease in the number of employees is due to the consolidation of internal processes and flows in terms of the profitability of the business lines and the optimization of the product portfolio to maximize the profit achieved.

The process of streamlining operations has contributed to the elimination of redundancies and unjustified costs, which has stabilized the company's financial performance in light of the global and domestic economic challenges. Furthermore, the Company will continue to implement a strategy of business consolidation and alignment with market segments that generate added value for shareholders, including by recalibrating the human and financial resources deployed...

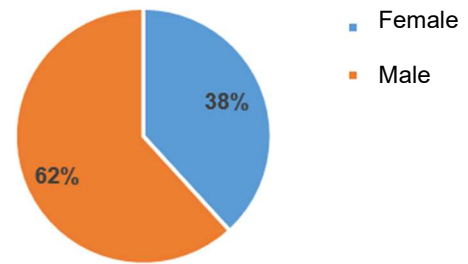
During 2024, the company's employees received various social benefits, mainly due to medical emergencies.

The level of training and distribution of employees is shown below.

Employees' level of training



Distribution of employees by gender



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

8. THE IMPACT OF THE COMPANY'S ACTIVITY ON THE ENVIRONMENT & OHS

a) Assessment of compliance with legal and other requirements to which Electromagnetica S.A. subscribes

Electromagnetica S.A.'s compliance with legal requirements and other requirements (authorizations, agreements, approvals) for the environment, occupational health and safety at work applicable to which the organization subscribes, was found to be in compliance with them.

In 2024 the company acted to manage hazardous waste in accordance with legal requirements by handing it over to authorized companies.

In 2024, the Company complied with the legal requirements regarding the waste regime, including the provisions of Government Emergency Ordinance No. 92/2021 on the waste regime approved in 2023 by Law No. 17/2023.

The company has undertaken all necessary measures to comply with Law no. 90/2021 for the amendment and completion of some normative acts, in order to transpose some legal acts of the European Union in the field of environmental protection and GEO no 92/2021 on waste regime, from the point of view of:

- Analysis report for hazardous waste;
- Decisions for the waste management officer;
- Waste Prevention Plan;
- Waste balance.

The program of compliance with the legal requirements imposed by Law no. 90/2021 for the amendment and completion of some normative acts, in order to transpose some legal acts of the European Union in the field of environmental protection and the GEO no 92/2021 on waste regime was applied and the person responsible for waste management was designated by decision and participated in the corresponding external training.

We proceeded to the reanalysis of the hazardous substances used and hazardous waste generated in the company for which the characterization must be carried out according to Law no. 90/2021 for amending and supplementing some normative acts, in order to transpose some legal acts of the European Union in the field of environmental protection and GEO no 92/2021 on waste regime.

The company has taken all necessary measures to comply with all regulations on health and safety at work, and enforcement of the legislation in force.

The Company has also analyzed the specific risks related to the respect and protection of the environment and environmental requirements and has planned to follow them up, monitor emissions, efficient use of machinery and resources, proper waste management.

In the field of Occupational Safety and Health, the risks of occupational injury and illness have been analyzed for each workplace. For these risk categories, it was planned to follow them up through the Prevention and Protection Plan.

b) Communication(s) with external stakeholders, including complaints.

In the period January - March 2024, the Annual Reports on:

- waste management generated in Electromagnetica S.A. in 2023;
- centralizer of dangerous chemical substances and preparations used in society in 2023;
- centralizer of packaging placed on the market by the company in 2023;
- the report cards for the environmental factor "waste water" in 2023;
- the inventory of emissions and immissions into the atmosphere in the year 2023;
- the record of waste oil management in 2023.

In March 2024 the Company submitted to the Territorial Labor Inspectorate updated lists of hazardous substances that were used in 2023.

During 2024, the reports and analysis reports for the wastewater resulting from the company's activities were submitted to the competent authorities that monitor the environmental factors of Electromagnetica S.A., namely the National Administration of Romanian Waters and Apa Nova Bucuresti S.A.

On a quarterly basis, the drinking water was monitored by analyzing the water at the Bucharest Health Department.

In order to consult and involve employees in decision-making on occupational health and safety measures, the Company has an Occupational Health and Safety Committee, chaired by the Director General.

The Committee is composed of 7 members (3 persons from the employer, 3 employee representatives and the occupational physician) and operates on the basis of its own rules of procedure.

Reports and minutes of all meetings of the Occupational Safety and Health Committee have been prepared and submitted to the competent authorities (Territorial Labor Inspectorate).

It should be noted that there were no complaints regarding the environmental aspects of the activities carried out within Electromagnetica S.A.

In the year 2024 there were no occupational accidents. There were no suspected occupational diseases.

c) Electromagnetica S.A.'s environmental, occupational health and safety performance.

In order to keep the company's environmental, occupational safety and health aspects under control, the following has been undertaken:

c.1) Monitoring environmental factors:

Water

Wastewater samples were taken monthly from the five sewage outlets to the city sewer. The values of the concentrations of the analyzed pollutants were slightly above the admissible limit values stipulated in the Regulation on the conditions of wastewater discharge into the sewerage networks of the localities and directly into the treatment plants, NTPA 002/2002, approved by GD no. 188/2002 for the approval of some norms on the conditions of discharge of water into the aquatic environment, Annex 2 (NTPA 002/2002).

Disinfections of the own water sources, i.e. the three medium-depth boreholes and the water storage basin, were carried out quarterly.

Disinfection was carried out according to the procedure POM - 03 "Disinfection of own water sources, storage tanks and verification of water potability".

The laboratory of the Public Health Department of the Municipality of Bucharest carried out quarterly microbacteriological and physico-chemical analyses of the water potability, and the specialist doctor noted and recorded on the test reports the compliance with the limits allowed by law.

Air

Emissions and immissions air analyses were performed semi-annually. For emissions air samples were taken from:

- Source S1 - Central heating;
- Source S5 - Machine Shop - Machining and SDV;

In all cases, the concentrations of the analyzed pollutants were below the emission limit values allowed by the Ministry of the Environment and Public Protection Order no. 462/1993 and Government Decision no. 699 of 2003 as well as below the alert threshold according to the Ministry of the Environment and Public Protection Order no. 756 of 1997 for the approval of the Regulation on the assessment of environmental pollution.

Air sampling at the immissions:

Air samplings were carried out at three points - at the boundary of the company premises:

- I1 - enclosure boundary, in the vicinity of the main access gate to the unit
- I2 - enclosure limit, in the vicinity of building nr. 5
- I3 - enclosure boundary, in the vicinity of hull no. 4 (plastics formation)

The concentrations of the analyzed pollutants are below the limit values according to the Order M.M.A.P. 592 of 2002 and STAS 12574 of 1997 and below the alert thresholds according to the Order M.M.A.P. no. 756 of 1997 for the approval of the Regulations on the assessment of environmental pollution.

Waste

In order to comply with the provisions of Law no. 17/2023, on the waste regime, and GEO no. 92/2021 on the waste regime, GEO no. 2/2021, GD no. 1061/2008 on the transportation of hazardous and non-hazardous waste on Romanian territory, GEO no. 5/2015 on waste electrical and electronic equipment, the following actions were undertaken:

- o the waste resulting from the production was handed over to authorized economic agents with which the company has contracts, in order to avoid the formation of stocks;
- o hazardous waste and used oil have been handed over on the basis of the contract with the company;

- the program of compliance with the legal requirements imposed by the Law no. 90/2021 for the amendment and completion of some normative acts, in order to transpose some legal acts of the European Union in the field of environmental protection;
- the person responsible for waste management has been appointed by decision and is trained according to the legislation in force;
- the re-analyzation and classification of hazardous waste generated in Electromagnetica SA, for which the characterization must be carried out according to Law 90/ 2021 for amending and supplementing some normative acts, in order to transpose some legal acts of the European Union in the field of environmental protection;
- a Waste Prevention Plan has been prepared.

c.2) Monitoring Safety and Health risks

Occupational NOx monitoring

It was not necessary to determine any occupational nox emissions, as the workplaces complied with the conditions required by law for proper operation.

Occupational risk assessment

Through regular checks and the drawing up of environmental and occupational health and safety reports, the coordinator of the Environmental Management - Occupational Health and Safety Department carried out checks at the workplaces on the way in which the legal provisions on preserving employee health and ensuring occupational safety are complied with, as well as the way in which the environment is protected. At the 10 micro-hydropower plants, "Physical safety risk assessment and treatment" was carried out by an authorized firm.

Re-authorization procedures

The "Regulation on the authorization of electricians who check and operate electrical installations in Electromagnetica S.A." was approved. The internal re-authorization of electricians working in Electromagnetica S.A. was carried out on the basis of order MIC 34/1999. At the same time, the pay slips of the forklift operators were checked. In July 2024, PRAM measurements were carried out at the Bucharest premises, Calea Rahovei 266-268, and in April at MHCs Rădăuți.

Provision of protective equipment

The company provides free of charge the protective equipment established and approved by the CSSM, according to the total risks in the workplace. A record of the equipment granted is drawn up and kept in the workplace, signed by the entitled employees.

Analysis of the health status of Electromagnetica S.A. employees in 2024

The analysis of the employees' state of health was carried out in compliance with and in application of the rules resulting from Law no. 319/2006 on safety and health at work, updated. Within the C.S.S.M. the occupational medicine physician presented the "Report on the health status of Electromagnetica S.A. employees", following the annual examinations.

c.3) Authorizations and opinions

In December 2023, was submitted to A.P.M. Bucharest application for an annual visa of the environmental authorization with no. 72 of 04.03.2019, revised on 09.02.2021 - issued by the Bucharest Environmental Protection Agency which is valid indefinitely with the obligation of annual visa. According to decision 3/09.01.2024, the visa was applied for the period 04.03.2024-04.03.2025.

In October 2024 the documentation was submitted to obtain a new "Water Management Authorization". It was obtained the Water Management Authorization no. 19-B of 20.01.2025 - issued by the National Administration "Apele Române", valid for 2 years, until 31.01.2027.

The Takeover Agreement no. 430/18.06.2024 was obtained for the head office, issued by APA NOVA București S.A., valid until 31.12.2024. The Eviction Acceptance 268/27.04.2011 for the headquarters in Veseliei Street, issued by APA NOVA București S.A. is valid indefinitely.

c.4) External inspections and audits

During the period January 2024 - December 2024 an inspection by the National Environmental Guard took place. The score awarded to the objective, according to the PV, being 8.

9. ASSESSMENT OF RESEARCH AND DEVELOPMENT ACTIVITY

In 2024 the R&D activity was focused on two main directions: LED Luminaires and Lighting Systems as well as Equipment and Charging Stations for electric vehicles.

This activity was attended by staff from the Research Design Department and the Electrical and Communications Equipment Design Department. It is worth noting that most of Electromagnetica's products are of their own design and contain innovative solutions. The identified solutions have been integrated into the products sold by Electromagnetica S.A.

10. QUALITY SYSTEM. CERTIFICATIONS & ATTESTATIONS

10.1. Quality policy

In the year 2024, Electromagnetica aims to ensure full compliance with explicit customer requirements and expectations as well as with regulations and legal provisions

In line with the principles of the policy, the necessary resources have been secured for :

- the design, development, execution, marketing and after-sales support of products and services offered that fully meet our customers' quality, legal and regulatory requirements and reasonable stakeholder expectations, using clean and safe technologies that lead to improved environmental, occupational health and safety performance;
- setting measurable annual objectives and performance indicators appropriate for maintaining societal balance and development;
- maintaining the Integrated Management System certifications according to the reference standards;
- Continuous improvement of the effectiveness of the Integrated Management System for the fulfillment of the policy and the achievement of the proposed objectives;
- monitoring, measuring and continuously improving customer satisfaction;
- monitoring, measuring and ensuring economic efficiency in all actions undertaken in 2024.

10.2. Certifications for management systems and laboratories

In 2024 all previously obtained system certifications were maintained.

a) Maintaining the certification of the overall Integrated Management System: **EN ISO 9001:2015** -" Quality Management Systems. Requirements."; **EN ISO 14001:2015** -"Environmental management systems - Requirements with guidance for use" and **ISO 45001:2018** -"Occupational health management systems. Requirements and guidance for use";

b) Maintaining the certification of the Quality Management System for automotive products based on plastic injection moulding: **IATF 16949:2016** - "Quality management systems requirements for automotive production and relevant service parts organizations"

10.3. Objectives and indicators

Specific objectives have been defined for each of the policies set by the executive management in order to carry out the activity in an organized way. In the context of compliance with the requirements of the standards according to which the Integrated Management System has been certified, measurable key performance indicators have been established, against which the results obtained are monitored and evaluated.

According to monitoring and reporting in 2024 all specific targets were achieved and all key indicators were met.

10.4. Product certifications

The manufacture of the products shall comply with the requirements of the following Directives :

- Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment;
- Directive 2012/19/EU on waste electrical and electronic equipment;
- Directive 2014/35/EU on the harmonization of the laws of the Member States relating to the making available on the market of electrical equipment designed for use within certain voltage limits;
- Directive 2014/30/EU - on the harmonization of the laws of the Member States relating to magnetic compatibility;
- Directive 2009/125/EU establishing a framework for the setting of ecodesign requirements for energy-related products.

In 2024 the existing product certifications in the updated manufacturing portfolio were maintained.

10.5. Audits

In the year 2024 external audits by various institutions, product manufacturing audits for certified products and external system audits were carried out in the company.

External system audits:

- *Supervisory audit of the Integrated Management System, led by AEROQ*

External product audits:

- *a customer audit (ABB);*
- *Manufacturing surveillance audits of ABB products, conducted by different certification bodies for different countries (UL, CQC, CSA, IMQ, LCIE);*

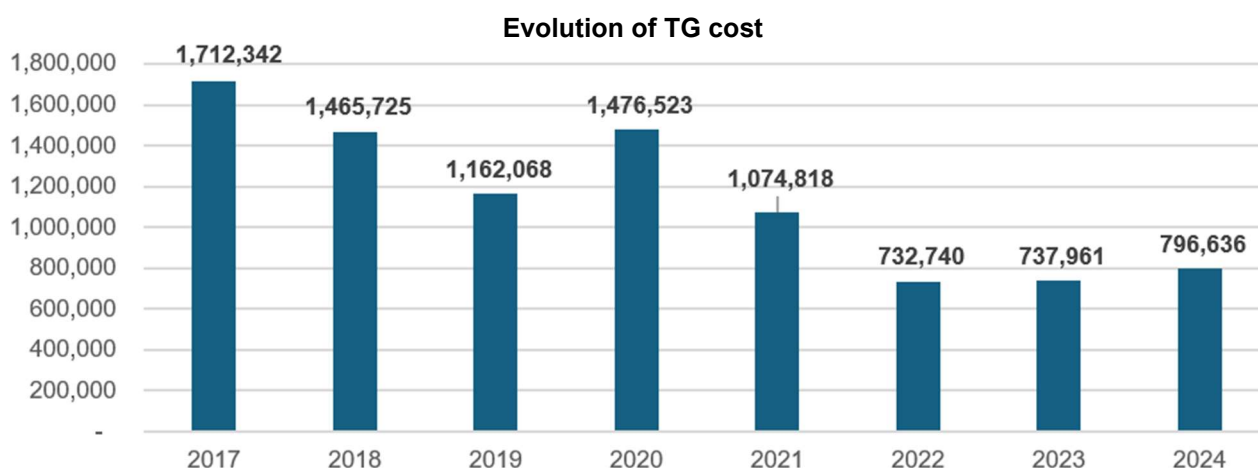
- Audit of manufacturing surveillance of **EvoCity** lighting fixtures **ENEC** license, conducted by **TUV RHEILAND**;
- Audit of manufacturing surveillance of **EvoCity** lighting fixtures **ENEC+** license conducted by **TUV RHEILAND**;
- Audit of manufacturing surveillance of **EvoCity** lighting fixtures conducted by **OICPE**;
- Audit of manufacturing surveillance of **ELMARO** lighting fixtures conducted by **OICPE**.
- Audit of manufacturing surveillance of **Selena** lighting fixtures conducted by **OICPE**.

All external audits were completed without major non-compliances.

Internal audit work was performed in accordance with the 2024 Audit Program.

10.6. Cost of damaged products under warranty

In **2024**, the cost generated by guarantees ("TG") increased slightly compared to the previous year.



A large part of the assumed cost value in 2024 (> 70%) is generated by the luminaires, mainly related field work activities (dismantling and mounting on poles).

The forecast for the year 2025 is for a slight decrease in the costs of DG, with a decrease in the share of luminaires and an increase in the share of charging station costs.

By the year 2025 are planned:

- to waive the Quality Management System certification for automotive injection molding based products according to the **IATF 16949:2016** standard if the production volumes for this type of products do not increase significantly in the first half of the year;
- maintaining the certification of the overall Integrated Management System according to **EN ISO 9001:2015** - "Quality Management Systems. Requirements."; **EN ISO 14001:2015** - "Environmental management systems - Requirements with guidance for use" and **SR ISO 45001:2018** - "Occupational health management systems. Requirements and guidance for use";
- maintaining the required product certifications for products in the sales portfolio and dropping those for which equivalences can be made or cannot be justified in terms of production volumes;
- monitoring the effectiveness and efficiency of the integrated cost management system.

11. LEGAL DEPARTMENT. COMPLIANCE AND DEBT RECOVERY.

In the year 2024, Legal Department provided assistance to the Company's management through specialized analysis when there is a suspicion of payment dysfunctions/payment difficulties or in the case of firms with which the Company has disputes, legal assistance when signing contracts and issuing notices or summons. The department also provides specific assistance in obtaining/extending certain documents/approvals and maintaining licenses and certifications necessary for the Company's activity.

The Legal Department has taken steps to recover debts both through the simplified procedure of the Payment Order and through actions for claims under ordinary law or by registering the insolvent companies in the creditor's mass.

12. RISK MANAGEMENT OBJECTIVES AND POLICIES.

Risk management policies shall be defined to ensure that the risks facing the company are identified, analyzed, prevented and managed, while setting limits of exposure. The risk management policy shall ensure effective controls and a supportive environment in which all employees understand their roles and obligations.

Market risk

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

Currency risk

The company is exposed (limited) to currency risk due to the fact that most of its material supplies are imported. In order to limit the effect of foreign exchange, the timing of payments has been correlated with the timing of receipts in foreign currency, and the company usually realizes cash-flow surpluses. Changes in the prices of raw materials and materials required a continuous re-analysis of cost prices. In order to keep some products profitable, some prices were renegotiated and related technological processes were improved.

Non-payment risk

Credit risk is the possibility that the contracting parties may breach their contractual obligations leading to financial losses for the company. Where possible and market practice allows the company requires collateral. Trade receivables originate from a wide range of customers operating in different business areas and geographical areas. In order to counter this risk factor, the company has applied pre-contractual customer due diligence policies (RISCO and COFACE reports). Receivables insurance policies have been taken out on the external market.

The Company's management is making a continuous effort to recover trade debts and have made constant efforts (e.g. payment reminders), some of which are followed by court actions (payment orders) and then, where appropriate, enforcement. In parallel, internal measures have also been taken, both in terms of commercial policy and in connection with the reorganization of the Commercial Directorate.

Liquidity and cash-flow risk

The company uses forecasts for liquidity reserves and maintaining an adequate level of credit facilities so that it can prudently manage liquidity and cash-flow risks. All investments were limited to its own sources of funding and prioritized according to the current needs of Electromagnetica Business Park as well as the most profitable and/or developing business sectors.

Data protection and data processing risk

The risk may arise from situations such as accidental loss or accidental modification of data, as well as unauthorized access to personal data. Irrespective 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 these risks through preventive actions. This entails, among other things, monitoring legislative changes and informing colleagues, participation in courses and seminars (labor law, competition law, GDPR - personal data protection, risk management and corporate governance, etc.) and, last but not least, compliance training with the employees involved.

Disputes. Disputes risk

The disputes in which the company is involved do not have values that affect the financial stability of the company, especially since in the vast majority of cases Electromagnetica is in the position of creditor. In all cases, including those as a creditor to companies in insolvency/bankruptcy, procedural positions have been formulated.

Risks covered by insurance policies

These include: the risk of natural disasters, the risk of accidental damage, the risk of business interruption, the risk of recovering claims from various debtors, the risk of injury to exposed employees, the risk of asset protection by insurance, liability towards third parties, liability as a producer, professional liability for certain professions, directors' liability.

13. PERSPECTIVE ELEMENTS

13.1. Analysis of trends, prospects and uncertainty factors

Market trends

LED lighting technology is preferred in all major lighting modernization projects so that the sales potential (including for products in stock) is maintained. Another market trend is increasing revenues from activities related to the production of LED luminaires, e.g. through installation design and installation services.

We expect the market for vehicle charging stations to grow steadily, with more and more companies and local authorities planning to purchase electric vehicle charging stations, some of which are also stimulated by funding programs.

13.2. Forecasts and projects for 2025

Sale of lighting systems and charging stations

For the year 2025, Electromagnetica S.A. will focus its efforts on the sale of products in stock, both in the field of lighting systems and charging stations. The company will place particular emphasis on capitalizing on existing stocks, thus optimizing the sales process and reducing the costs associated with their storage and management.

Management and capitalization of real estate assets

Electromagnetica S.A. expects a moderate increase in occupancy in 2025, by attracting new tenants, arranging additional spaces for rent and indexing the rent.

CFR safety elements

For the year 2025, Electromagnetica S.A. expects to continue the execution of contracts already signed, with deliveries scheduled for the first two quarters of the year. These contracts, currently in various stages of execution, contribute to revenue generation for the company.

13.3. Investments expected in 2025

In 2025 investments will be mainly focused on maintenance and modernization activities, mostly at the headquarters (Electromagnetica Business Park) in Bucharest

14. TANGIBLE ASSETS OF THE COMPANY

The spaces for rent are exclusively in Bucharest and county Ilfov, mostly at the head office in Calea Rahovei 266-268, where are rented approx. 31.000 square meters.

The company owns land and buildings in Bucharest, county Ilfov and jud. Dambovită. Feasibility studies for real estate development and subsequent leasing have been carried out for three of the land plots in Bucharest. Feasibility studies have also been carried out for the land with agricultural potential in order to diversify the business portfolio and to better exploit the land.

The company has no disputes related to the ownership of its land.

15. SECURITIES MARKET

15.1. Stock price evolution

Electromagnetica is listed in the Premium category of the Bucharest Stock Exchange, where it trades with the following characteristics:

Market symbol: **ELMA**

Ordinary, registered, dematerialized shares

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

Nominal value: **0.1000**

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

ISIN Code: **ROELMAACNOR2**

Code LEI: **254900MYWW7D8IGEFRG38**

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

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



During 2024, 39,826,324 shares representing 44.99% of the total number of shares were traded (on all markets) at an average price of RON 0.2157/share. The reference price ranged from a low of RON 0.1940/share to a high of RON 0.2600/share. In 2024, the highest price level in the last 5 years was reached.

15.2. Dividends granted

Electromagnetica S.A. has always had in mind the protection of shareholders' interests, both in terms of development strategy and dividend distribution policy. In periods when financial performance allowed, the company has distributed dividends to shareholders. However, the financial results in 2023 and 2024 showed losses, which resulted in no dividends being paid to shareholders.

16. INDIVIDUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024

16.1. Financial position

	December 31 2024	December 31 2023
ACTIVE		
Non-current assets		
Property, plant and equipment	296,843,904	284,561,365
Investment property	18,780,265	17,709,588
Intangible assets	359,541	566,310
Investments in affiliated entities	842,008	842,008
Other non-current assets	4,512,037	6,606,482
Rights of use assets	1,329,540	1,399,694
Total non-current assets	322,667,295	311,685,446
Current assets		
Inventories	7,234,948	18,715,189
Trade receivables	12,924,372	35,380,716
Cash and cash equivalents	73,532,273	25,138,900
Deposits placed with banks	10,000,000	-
Other current assets	3,284,963	1,666,030
Assets classified as held for sale	841,296	-
Current tax receivables	1,703,829	1,703,829
Total current assets	109,521,681	82,604,665
Total assets	432,188,976	394,290,111
EQUITY AND LIABILITIES		
Equity		
Share capital	67,603,870	67,603,870
Reserves and other equity items	223,114,466	215,108,527
Retained earnings	94,004,175	63,035,361
Total equity attributable to shareholders	384,722,511	345,747,758

Long-term liabilities		
Trade and other payables	1,717,399	867,718
Investment subsidies	-	3,757,433
Deferred tax liabilities	28,903,190	15,983,096
Lease liabilities	737,735	724,064
Total long-term liabilities	31,358,324	21,332,310
Current liabilities		
Trade and other payables	12,724,364	24,920,540
Investment subsidies	-	163,219
Provisions	2,511,532	1,405,436
Lease liabilities	872,245	720,847
Total current liabilities	16,108,141	27,210,043
Total liabilities	47,466,465	48,542,353
Total equity and liabilities	432,188,976	394,290,111

16.2. Profit or loss result

	Period of 12 months ended December 31 2024	Period of 12 months ended December 31 2023
Revenue	97,667,983	195,013,303
Investment income	5,820,666	316,739
Other net income and expenses	3,098,513	(14,260,319)
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	(56,028,654)	(102,147,473)
Employees benefits expenses	(25,297,143)	(40,092,990)
Depreciation and amortization expense	(10,733,561)	(33,639,220)
Other expenses	(16,970,682)	(52,193,723)
Financial income	1,886,960	1,012,559
Financial expenses	(221,171)	(658,156)
Profit / (Loss) before tax	(3,224,120)	(36,587,880)
Income tax	(4,183,024)	5,554,791
Profit / (Loss) for the period	(7,407,144)	(31,033,088)

16.3. Cash flow statement

	Period of 12 months ended December 31 2024	Period of 12 months ended December 31 2023
Net cash from operating activities	11,279,698	22,797,746
Net cash used in investment activities	38,603,209	(4,194,877)
Net cash used in financing activities	(1,489,534)	(4,177,638)
Net increase / (decrease) in cash and equivalents of cash	48,393,373	14,425,231
Cash and cash equivalents at beginning of period	25,138,900	10,713,669
Cash and cash equivalents at the end of the period	73,532,273	25,138,900

17. IMPORTANT EVENTS OCCURRED AFTER THE CLOSE OF THE FINANCIAL YEAR

There are no material events affecting the results of the past year or Electromagnetica's operations in 2025.

18. CORPORATE GOVERNANCE STATEMENT

18.1. 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 sustaining the company's long-term development strategy by shareholders and maximizing share value.

Strict application of the relevant 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 the requirements of Corporate Governance established at international level.

The Board of Directors has decided to voluntarily apply the Bucharest Stock Exchange Corporate Governance Code with the mention that, depending on the specifics of the company, some provisions will be partially complied with. The current status of compliance with the Bucharest Stock Exchange's CGC, the reasons for partial application and the measures adopted to achieve the corporate governance objectives are set out in the Appendix to the Corporate Governance Statement published together with this report.

18.2. General meetings and shareholders' rights

Shareholders' rights and the procedure for participating in general meetings of shareholders are set out in the notice of general meetings and have been summarized in a set of rules, available in the Corporate Governance section of the company's website at <https://www.electromagnetica.ro/investitori-info/>

18.3. Administration system

Currently the management system is a unitary one, the Company is managed by a 5-member Board of Directors

18.4. Corporate governance structures

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

18.4.1 Board of Directors (BoD)

The election of the members of the Board of Directors was done by cumulative voting at the AGM on July 03, 2023, with the candidates being nominated by the shareholders.

Name	Function	Term of mandate	Profession	Individual holdings of ELMA shares	Positions held in other listed companies
Daniela-Adi CUCU	President of the Board of Directors	Oct 18, 2023 Oct 18, 2027	Degree in legal sciences	0 %	-
Cristina-Gabriela Gagea	Member of the Board of Directors	18 Oct 2013 Oct 18, 2027	Degree in economics	0 %	Casa de Bucovina Club de Munte S.A. - Member of C.A.
Sorin-Iulian Cioacă	Member of the Board of Directors	Oct 18, 2023 Oct 18, 2027	Degree in mathematics and economics	0 %	Infinity Capital Investments S.A. - Chairman of the Board of Directors
Mihai Trifu	Member of the Board of Directors	Oct 18, 2023 Oct 18, 2027	Degree in economics	0%	Infinity Capital Investments S.A. - Vice-Chairman of the Board of Directors
Scheuşan Eugen	Member of the Board of Directors	Oct 18, 2023 Oct 18, 2027	Degree in engineering	0.2428 %	

In 2024, the composition of the Administrative Board was as follows:

a) Period 01.01.2024 - 06.01.2024

Name	Function	Profession
Daniela - Adi Cucu	President of the Board of Directors	Degree in legal sciences
Sorin - Iulian Cioacă	Member of the Board of Directors	Degree in mathematics and economics
Cristina - Gabriela Gagea	Member of the Board of Directors	Degree in economics

Eugen Scheuşan	Member of the Board of Directors	Degree in engineering
Mihai Trifu	Member of the Board of Directors	Degree in economics

b) Period 06.01.2024 - 25.04.2024

Name	Function	Profession
Daniela - Adi Cucu	President of the Board of Directors	Degree in legal sciences
Sorin - Iulian Cioacă	Member of the Board of Directors	Degree in mathematics and economics
Cristina - Gabriela Gagea	Member of the Board of Directors	Degree in economics
Mihai Trifu	Member of the Board of Directors	Degree in economics
Mihai Zoescu	Member of the Board of Directors (provisional administrator, with mandate until the general assembly)	Degree in economics

c) Period 25.04.2024 - 31.12.2024

Name	Function	Profession
Daniela - Adi Cucu	President C.A.	Degree in legal sciences
Sorin - Iulian Cioacă	Member of the Board of Directors	Degree in mathematics and economics
Cristina - Gabriela Gagea	Member of the Board of Directors	Degree in economics
Mihai Trifu	Member of the Board of Directors	Degree in economics
Mihai Zoescu	Member of the Board of Directors (with mandate until October 18, 2027)	Degree in economics

The majority of Board members are non-executive directors so a balance of authority is ensured. In 2024 the Board of Directors met at least monthly with all members attending in person or using postal voting. The level of the Board members' indemnities is determined by shareholders' resolution at the general meeting.

NOTE : Given that Electromagnetica S.A. is a company listed on the Bucharest Stock Exchange (BVB) and we have reporting obligations both to the B.V.B. and to the A.S.F., the changes in the Board of Directors as well as the amendment of the Articles of Incorporation in this respect were notified to the B.V.B. and the A.S.F. at that time.

18.4.2. Directors

In accordance with the provisions of the Articles of Association and the decision of the first Board of Directors since its incorporation, the Chairman of the Board of Directors may also be the Managing Director 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 duties. The executive management during the year 2024 was provided as follows :

A. Period: 01.01.2024 - 01.09.2024

Name	Function	Individual holdings of ELMA shares	Other positions held in listed companies
Daniela-Adi Cucu	General Director	0 %	-
Cristian - Iulian Radu	Finance Director	0 %	-

B. Period: 02.09.2024 - 31.12.2024

Name	Function	Individual holdings of ELMA shares	Other positions held in listed companies
Daniela-Adi Cucu	General Director	0 %	-
Robert - Stefan Ion	Commercial Director	0 %	-

The gross annual remuneration and other benefits, including that approved by the GMS through the B.V.C., due to the management may not exceed 5% of the value of the equity capital, established by the annual balance sheet.

In order to comply with the legal obligations introduced by Law no. 158/2020 amending Law no. 24/2017 on issuers of financial instruments and market operations, the Remuneration Policy for Directors, Executive Directors and Audit and Risk Committee members was developed and approved at the OGM of April 25, 2024.

18.4.3. Independent external auditor

Following the OGM of April 2023 it was decided to mandate Deloitte Audit SRL to audit the financial statements for the years 2023 and 2024. The audit firm is represented by Mr. Răzvan Ungureanu - Audit Partner.

The identification data of **Deloitte Audit SRL** are as follows:

CIF RO 7756924 , Trade Register No. 40/6775/1995

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

Head Office - Bucharest, Sector 1, Calea Grivitei 82-98, The Mark Building

Tel 021/222.16.61, Fax 021/319.51.00

18.4.4. 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 background of the members of the Board of Directors enables them to assess the effectiveness of the internal control system.

The Society has a system of internal/managerial control, the design and implementation of which enable the executive management and the Board of Directors to provide reasonable assurance that the funds of the Society allocated to fulfill its general and specific objectives have been used in a lawful, regular, efficient and economical manner. The internal/managerial control system comprises both self-control mechanisms and ex-post control through the Office of Budgetary Monitoring and Execution and the Internal Auditor, respectively the Audit and Risk Committee, and the implementation of measures to increase its effectiveness is based on risk assessment.

The company's internal accounting and financial control was applied in order to ensure the accounting management and financial follow-up of the company's activity. The Internal Control activity concerned:

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

The audit work was carried out with the Internal Auditor, taking into account his recommendations and observations.

18.4.5. Audit and Risk Committee

In accordance with the provisions of the Audit Law no. 162/2017 and the EU Regulation no. 537/2014 on audit and 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, providing in many cases the interface with the statutory financial auditor and playing an important role in the preparation of the annual audit reports and the smooth 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; and the performance of the company's internal audit function

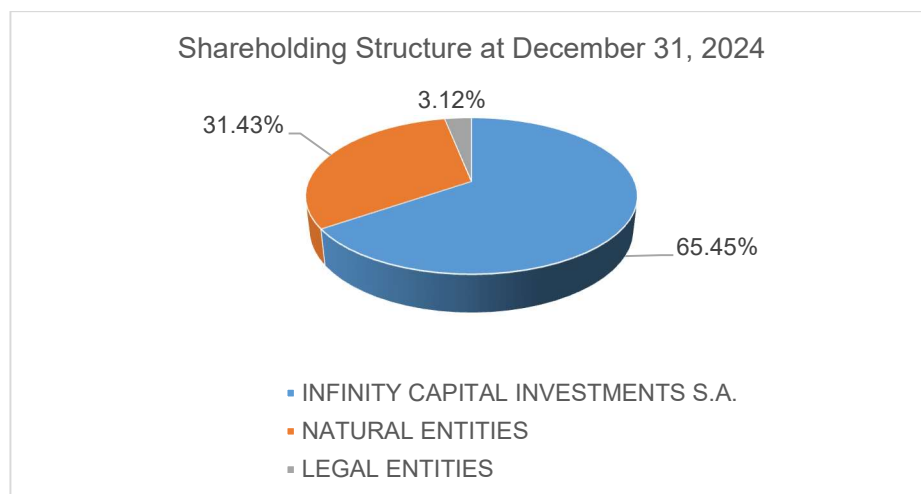
It also approves the audit program and coordinates the work of the internal auditor, which is an outsourced service.

During 2024, 3 audit missions were performed as follows:

- *auditing cost analysis work;*
- *auditing inventory activity;*
- *analyzing ELMA's commercial transactions with customers.*

The Audit Committee of Electromagnetica is composed of : Mrs. Cristina-Gabriela GAGEA, President; Mr. Sorin-Iulian CIOACĂ, Member; Mr. Mihai TRIFU, Member.

18.5. Capital structure and significant shareholders



18.6. Management of conflicts of interest, transactions with the parties involved and confidential information regime

Directors with a potential conflict of interest shall inform the Board and refrain from debating the issues in question and from voting. Transactions with related parties are concluded on non-preferential terms and are negotiated by members of management who have no connection with the related parties, and are reported to the ASF and the BVB, if applicable. The external auditor will flag and appropriately analyze these transactions in its report. The company draws up and updates the list of persons presumed to have access to inside information. Annually, the directors and officers of the company and other related parties shall make sworn declarations regarding conflicts of interest and non-competitive activities

18.7. Acquisition of own shares

At the Electromagnetica EGMS of December 19, 2024, the shareholders' meeting of December 19, 2024 approved the implementation of a share buy-back program by the Company.

- the size of the program - repurchase of a maximum of 60,000,000 own shares with a nominal value of RON 0.10/share;
- acquisition price - the minimum acquisition price will be RON 0.1/share and the maximum price will be RON 0.4/share;
- duration of the program - maximum period of 18 months from the date of registration in the Trade Register;
- the payment of the repurchased shares will be made out of the distributable profit or available reserves of the company as recorded in the latest approved annual financial statements, excluding statutory reserves, as per the 2023 financial statements;
- the purpose of the program - to reduce the share capital by canceling the repurchased shares.

18.8. Reporting transactions to administrators and others involved with the company's actions

The company does not apply additional rules, other than those laid down by the statutory rules, in respect of transactions in the company's shares carried out by directors or other persons involved.

18.9. Amendments to the articles of incorporation

The Articles of Incorporation were updated on April 25, 2024, following the approval of the shareholders expressed at the EGMS on that date.

18.10. Dissemination of corporate information

The Company establishes and publishes a financial reporting calendar annually on the BVB website and on its own website. The company prepares and disseminates periodic and continuous information relevant to the investment decision, published both on its own website and on the BVB website (symbol „ELMA"). The staff dedicated to this activity is permanently trained, instructed and professionally trained on the aspects concerning the relationship between a company and its shareholders and the principles of corporate governance.

During 2024 the dissemination of information was done in Romanian and in English, for those categories of documents foreseen 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-info/> and for further information investors can contact phone: 021.404.21.02, fax: 021.404.21.95 and email: juridic@electromagnetica.ro

Attached to this Report is the Corporate Governance Statement.

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

Chief Accountant
Maria Garzu

ANNEX TO THE GOVERNANCE STATEMENT

Provisions of the CGC of the BVB	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
A.1. All companies shall have a Board charter that includes the terms of reference/responsibilities of the Board and the key management functions of the company, and that applies, inter alia, the General Principles in Section A.	Complies		
A.2. Provisions for managing conflicts of interest should be included in the Council's rules of procedure. In any case, Council members must notify the Council of any conflicts of interest that have arisen or may arise and abstain from participating in discussions (including by non-attendance, unless non-attendance would prevent the formation of a quorum) and from voting on a decision on the matter giving rise to the conflict of interest in question.	Complies		
A.3. The Administrative Board shall consist of at least five members.	Complies		
A.4. The majority of the members of the Board of Directors shall be non-executive. At least one member of the Board of Directors shall be independent in the case of Standard Category companies. In the case of Premium category companies, not less than two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors, if any, shall make a declaration at the time of his nomination for election or re-election, and at the time of any change in his status, stating the basis on which he is independent in character and judgment.		Partially complies	Of the 5 members of the BoD, one is an executive director and 4 non-executive members; 1 member is independent
A.5. Other relatively permanent professional commitments and obligations of a Board member, including executive and non-executive positions on the Boards of not-for-profit companies and institutions, should be disclosed to shareholders and potential investors prior to nomination and during his/her term of office.	Complies		
A.6. Any member of the Board must disclose to the Board information regarding any relationship with a shareholder who directly or indirectly owns shares representing more than 5% of all voting rights. This obligation covers any relationship that may affect the member's position on matters decided by the Board.	Complies		
A.7. The Society shall designate a Secretary to the Council responsible for supporting the work of the Council.	Complies		
A.8. The corporate governance statement shall disclose whether an evaluation of the Board has taken place under the leadership of the Chair or the nominating committee and, if so, summarize the key actions and changes resulting from the evaluation. The company should have a Board evaluation policy/guideline that includes the purpose, criteria and frequency of the evaluation process.		Partially complies	The Board of Directors regulation is under review, in which specific provisions on the evaluation of the Council will be considered.
A.9. The corporate governance statement should contain information on the number of meetings of the Board and committees during the last year, the attendance of directors (in person and in absentia) and a report by the Board and committees on their activities.	Complies		

ANNEX TO THE GOVERNANCE STATEMENT

Provisions of the CGC of the BVB	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
A.10. The corporate governance statement shall include information on the exact number of independent members of the Board of Directors.	Complies		
A.11. The Board of Premium Class companies shall establish a Nomination Committee of non-executive members, which shall conduct the procedure for nominations of new members to the Board and make recommendations to the Board. The majority of the members of the Nomination Committee must be independent. The Chairman of the Committee shall be an independent director.		Partially complies	It is the Board of Directors as a whole that nominates provisional members and makes recommendations to the OGMS for the election of new members in the Board of Directors.
The Board shall establish an audit committee of which at least one member shall be an independent non-executive director. A majority of the members, including the chairperson, must have proven appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have proven and appropriate audit or accounting experience. In the case of Premium Class companies, the audit committee must consist of at least three members and the majority of the audit committee members must be independent.	Complies		
B.2. The chairman of the audit committee shall be an independent non-executive member.	Complies		
B.3. As part of its responsibilities, the audit committee shall carry out an annual assessment of the internal control system.	Complies		
B.4. The evaluation should consider the effectiveness and comprehensiveness of the internal audit function, the adequacy of risk management and internal control reporting to the Audit Committee of the Board, the timeliness and effectiveness of executive management in addressing deficiencies or weaknesses identified by internal control and the submission of relevant reports to the Board.	Complies		
B.5. The audit committee should evaluate conflicts of interest in connection with transactions of the company and its subsidiaries with related parties.	Complies		
B.6. The audit committee should assess the effectiveness of the internal control system and risk management system.	Complies		
B.7. The Audit Committee shall monitor the application of generally accepted internal auditing and legal standards. The audit committee should receive and evaluate the reports of the internal audit team.	Complies		
B.8. Whenever the Code refers to reports or reviews initiated by the Audit Committee, these should be followed by periodic (at least annually) or adhoc reports to be submitted to the Council thereafter.	Complies		
B.9 No shareholder may be given preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	Complies		
B.10 The Board shall adopt a policy to ensure that any transaction of the Company with any of its closely associated companies that equals or exceeds 5% of the Company's net assets (as reported in the latest financial report) is approved by the Board following a binding opinion of the Board's audit committee and fairly disclosed to shareholders and potential investors, to the	Complies		

ANNEX TO THE GOVERNANCE STATEMENT

Provisions of the CGC of the BVB	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
extent that such transactions fall within the category of events subject to the reporting requirements.			
B.11. Internal audits should be performed by a structurally separate division (internal audit department) within the company or by engaging an independent third party entity.	Complies		
B.12. In order to ensure that the core functions of the internal audit department are carried out, the internal audit department must report functionally to the Board through the audit committee. For administrative purposes, and as part of management's obligations to monitor and mitigate risks, it should report directly to the CEO.	Complies		
C.1. The company should publish on its website the remuneration policy and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review. Any material changes to the remuneration policy should be published in a timely manner on the company's website.	Complies		
<p>D.1. The company must organize an Investor Relations service - indicating to the general public the responsible person(s) or organizational unit. In addition to the information required by law, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:</p> <p>D.1.1. Main corporate regulations: articles of incorporation, procedures for general meetings of shareholders;</p> <p>D.1.2. professional CVs of the members of the company's governing bodies, other professional engagements of Board members, including executive and non-executive positions on boards of directors of companies or non-profit institutions;</p> <p>D.1.3. Current reports and periodic reports (quarterly, half-yearly and annual) - at least those referred to in point D.8 - including current reports with detailed information on non-compliance with this Code;</p> <p>D.1.4. Information on general meetings of shareholders: agenda and information materials; procedure for the election of Board members; arguments supporting the proposed candidates for election to the Board, together with their professional CVs; shareholders' questions on agenda items and the company's responses, including resolutions adopted;</p> <p>D.1.5. Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events leading to the vesting or limitation of a shareholder's rights, including deadlines and principles applied to such transactions. Such information will be published in a timely manner to enable investors to make investment decisions;</p> <p>D.1.6. Name and contact details of a person who will be able to provide relevant information on request;</p> <p>D.1.7. Company presentations (e.g. investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports.</p>	Complies		
The Company shall have a policy on the annual distribution of dividends or other benefits to shareholders, proposed by the Chief Executive Officer and adopted by the Board, in the form of a set of guidelines that the Company intends to follow with respect to the distribution of net profit.	Complies		

ANNEX TO THE GOVERNANCE STATEMENT

Provisions of the CGC of the BVB	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
The principles of the annual distribution policy to shareholders will be published on the company's website.			
D.3. The Society will adopt a policy in relation to forecasts, whether publicly disclosed or not. Forecasts refer to quantified conclusions of studies aimed at establishing the overall impact of a number of factors over a future period (so-called hypotheses): by its nature, this projection has a high level of uncertainty, the actual results may differ significantly from the forecasts initially presented. The forecasting policy will determine the frequency, the period considered and the content of the forecasts. If published, forecasts may only be included in annual, semi-annual or quarterly reports. The forecasting policy will be published on the company's website.		Partially complies	The Society has not adopted a policy on forecasts that sets out the frequency, timing and content of forecasts and whether or not they should be made public. Forecasts with a certain level of uncertainty are always included in the annual reports of the Directors.
The rules of general meetings of shareholders shall not restrict the participation of shareholders in general meetings and the exercise of their rights. Amendments to the rules shall enter into force, at the earliest, with effect from the next shareholders' meeting.	Complies		
D.5. The external auditors shall be present at the general meeting of shareholders when their reports are presented at such meetings.	Complies		
The Board shall present to the annual general meeting of shareholders a brief assessment of the internal control and significant risk management systems, as well as opinions on matters for decision by the general meeting.	Complies		
D.7. Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting upon prior invitation by the Board. Accredited journalists may also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	Complies		
D.8. Quarterly and half-yearly financial reports shall include information in both Romanian and English on the key factors influencing changes in the level of sales, operating profit, net profit and other relevant financial indicators, both quarter-on-quarter and year-on-year.	Complies		
A company shall organize at least two meetings/teleconferences with analysts and investors each year. Information presented on these occasions will be published in the investor relations section of the company's website on the date of the meetings/teleconferences.		Partially complies	
D.10. If a company supports different forms of artistic and cultural expression, sports, educational or scientific activities and considers that their impact on the innovative character and competitiveness of society is part of its mission and development strategy, it will publish its policy on its activity in this field.		Partially complies	The Society has not adopted and has not published a policy to support artistic and cultural forms of expression, sporting, educational or scientific activities. However, numerous past actions to support the above areas have been accompanied by press releases and promoted on the Society's website.

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

We hereby confirm that, to our knowledge, in accordance with Article 65(2)(c) of Law No. 24/2017, as republished, the annual financial-accounting statement as of 31.12.2024, which was prepared in accordance with the applicable accounting standards, gives a fair image consistent with the reality of the assets, liabilities, financial position, profit and loss account of Electromagnetica S.A. and that the Board of Directors Report presents a correct analysis of the company's development and performance, as well as a description of the main risks and uncertainties specific to the activity carried out.

Daniela CUCU
General Manager

Maria GÂRZU
Chief Accountant