ELECTROMAGNETICA S.A.

ADMINISTRATORS' REPORT

FOR THE FIRST SEMESTER OF 2025

- CONSOLIDATED 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.

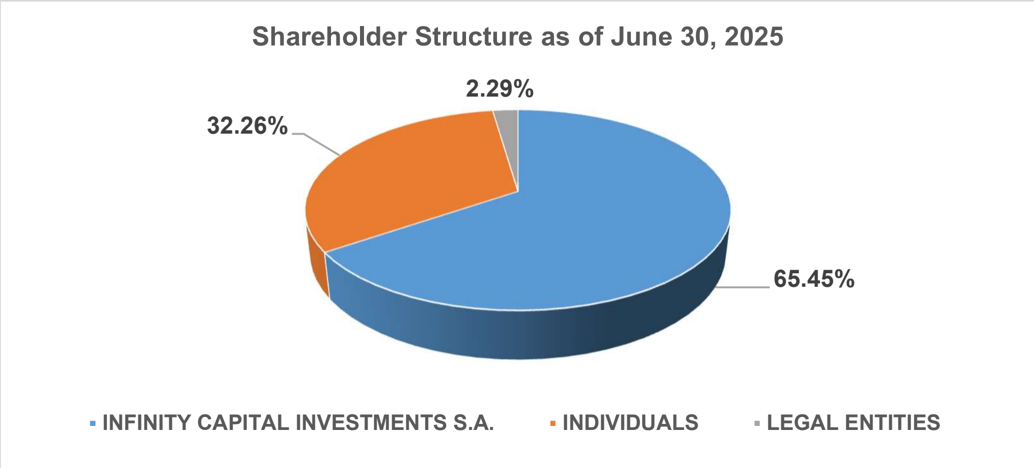
CONTAINED:	Page

1. IDENTIFICATION DATA OF ELECTROMAGNETICA S.A.

Company Name:	**Electromagnetica S.A.**
Registered Office:	**Bucharest, Sector 5, Calea Rahovei nr. 266-268, postal code 050912**
Tel/ Fax:	**021 404 21 02/ 021 404 21 95**
NAIL:	**414118**
Inreg No. at ORCTB:	**J1991000019408**
Regulated market:	**BVB, Capital Securities Sector, Shares, Premium Category**
Market symbol:	**ELMA**
Number of shares:	**676.038.704**
Face value:	**0,1000 RON**
Share capital:	**67,603,870.40 RON**
LEI Code :	**ID: 254900MYW7D8IGEFRG38**

2. SHAREHOLDING STRUCTURE OF ELECTROMAGNETICA S.A.

As of June 30, 2025, Electromagnetica S.A. had a number of **6,100** shareholders. According to the records of Depozitarul Central S.A., the synthetic structure of the shareholding as of June 30, 2025, is as follows:



3. OVERVIEW OF THE GROUP

3.1. OVERVIEW OF ELECTROMAGNETICA S.A.

Electromagnetica S.A. is a joint-stock company established in 1930, with Romanian legal personality and an unlimited duration of operation. It is organized and operates in accordance with its Articles of Association and based on Company Law no. 31/1990 (R), as amended and supplemented, in compliance with Law no. 24/2017 on issuers of financial instruments and market operations, and ASF Regulation no. 5/2018 on issuers of financial instruments and market operations.

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

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

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

Electromagnetica S.A., as a company whose shares are admitted on a regulated market (Bucharest Stock Exchange, Premium category, symbol ELMA), has adopted IFRS (International Financial Reporting Standard) starting with the financial year 2012.

The consolidated interim financial statements are prepared in accordance with IAS 34 – Interim Financial Reporting for the six-month period ended June 30, 2025, as well as with the provisions of O.M.F.P. no. 2844/2016 regarding the approval of the Accounting Regulations in accordance with IFRS.

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

3.2. BRANCH OVERVIEW

Procetel S.A. is a joint-stock company headquartered in Bucharest, Calea Rahovei no. 266-268, trade register number J40/10437/1991, CUI 406212, tel: 031.700.26.14, fax: 031.700.26.16. Procetel S.A. is a closed joint-stock company (the shares are not traded on the market) whose main activity is research and development in other natural sciences and engineering (NACE code 7219). At present, the research activity has been drastically reduced, the results obtained coming mainly from the activity of renting spaces. The administrative management is provided by Business Recovery BD&A S.P.R.L.

At the General Meeting of Shareholders of Procetel S.A. held on 18.11.2024, the dissolution of Procetel S.A. On 30.06.2025 the process was underway.

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

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

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

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

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

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

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

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

3.3. DESCRIPTION OF THE BASIC ACTIVITY

In the first half of 2025, the Electromagnetica Group had the following main business lines:

- space rental and real estate development;
- production of goods: LED lighting systems, AV charging stations, railway safety elements, plastic injection.

The Group's core activity 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, given the disposal of the micro-hydropower plants in Suceava County in the second half of 2024, the Group exited the electricity production market (an aspect that was the subject of the current report dated November 21, 2024).

Also, following the analysis carried out on the Group's contractual relations, the goods production activity was recalibrated and negotiations were started with business partners, in order to maintain those commercial relationships that generate added value for the Group. As a result, starting with the second half of 2024, measures have been implemented that have ensured a better promotion of the company's interests, including through decisions to resize the goods production activity only towards commercial relationships that have generated/generate added value. The process of streamlining the goods production activity continued in 2025.

3.4. LEGAL FRAMEWORK

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

- Company Law No. 31/1990 (R), with subsequent amendments and completions;
- Law No. 24/2017 regarding issuers of financial instruments and market operations, republished;
- Law No. 123/2012 on electricity and natural gas, with subsequent amendments and completions;
- Water Law No. 107/1996, with subsequent amendments and completions;
- ASF Regulation No. 5/2018 on issuers of financial instruments and market operations, with subsequent amendments and completions;
- ANRE Order No. 5/2023 for the approval of the Regulation on electricity supply to final customers, as well as for the amendment and completion of some orders of the President of the National Energy Regulatory Authority;
- Bucharest Stock Exchange Code,

as well as in other regulations of the primary and secondary legislation in the fields of activity in which it operates, as well as in compliance with the provisions of the Articles of Incorporation.

3.5. MAIN EVENTS WITH A SIGNIFICANT IMPACT ON THE FUNCTIONING OF THE GROUP

In the first half of 2025, Electromagnetica S.A. recorded a series of significant events, presented below in chronological order:

14.02.2025	Termination of the mandate of the Commercial Director
19.02.2025	Steps regarding the sale of plastic injection machines
28.04.2025	The Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders will take place. The financial statements are approved; the acquisition, alienation, exchange or pledge of assets in the category of fixed assets of the company, whose value, individually or cumulatively, is no more than 50% of the total fixed assets, less receivables, is approved; The change of the main object of activity of the company is approved.
30.04.2025	Steps regarding the sale of electric car charging stations
12.05.2025	Steps regarding the sale of real estate
20.05.2025	Steps regarding the sale of electric car charging stations
21.05.2025	Sale of real estate (land within the courtyards – constructions with an area of 1,913 sqm, located in Bucharest, sector 5, Petre Ispirescu street no. 23-37, at the price of 730,000 EUR)
21.05.2025	Appointment of Deputy General Manager - George – Alin Ștefan
04.06.2025	Steps regarding the sale of electric car charging stations
21.05.2025	Conclusion of the deed regarding the sale of real estate (the land within the courtyards – constructions with an area of 1,913 sqm, located in Bucharest, sector 5, Petre Ispirescu street no. 23-37, at the price of 730,000 EUR)
30.06.2025	Termination of the mandate of Mrs. Daniela Cucu from the position of General Manager, starting with July 1, 2025, and the appointment of Mr. George-Alin Ștefan in this position, with the same date.

Detailed information is available at:

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

3.6. ELEMENTS OF GENERAL EVALUATION

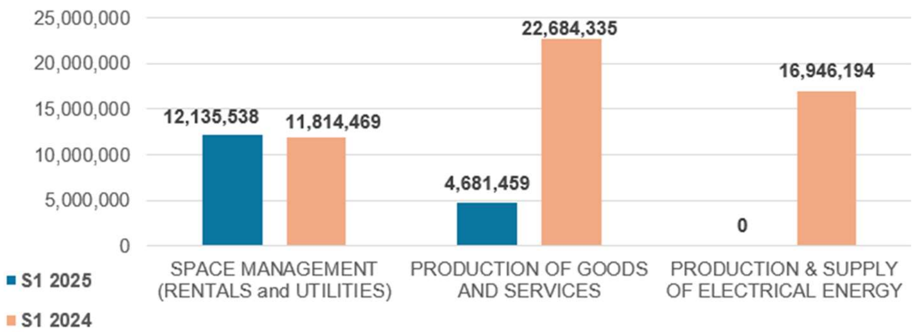
Nr Crt	Specification	Semester 1 2025	Semester 1 2024
1	Total revenue (RON)	25,193,236	54,274,797
2	Total expenses (RON)	(29,427,506)	(64,967,708)
3	Gross profit / (loss) (RON)	(4,234,270)	(10,692,911)
4	Gross profit /(loss) rate (%)	-16.8%	-19.7%
5	Net profit / (loss) (RON)	(3,393,706)	(9,780,975)
6	Net profit / (loss) rate (%)	-13.5%	-18.0%
7	Average number of employees	85	308

In the first half of 2025, the group strengthened its internal processes and flows in terms of the profitability of its business lines, optimizing its product portfolio to maximize the profit obtained. The process of streamlining operations has contributed to stabilizing 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 is the basis of the progress made in recent times.

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

4. PRODUCTS AND SERVICES OFFERED BY THE GROUP

4.1. TURNOVER STRUCTURE



4.2. SPACE RENTAL AND REAL ESTATE DEVELOPMENT

The Electromagnetica Group manages a portfolio of approximately 37,500 sqm of leasable space in Bucharest and 2,800 sqm in Vârteju (Magurele commune), Ilfov County.

On June 30, 2025, the average occupancy rate of the spaces in Calea Rahovei no. 266–268, Bucharest, was 81%, and for those in Vârteju – 98%, reflecting a constant demand for these locations.

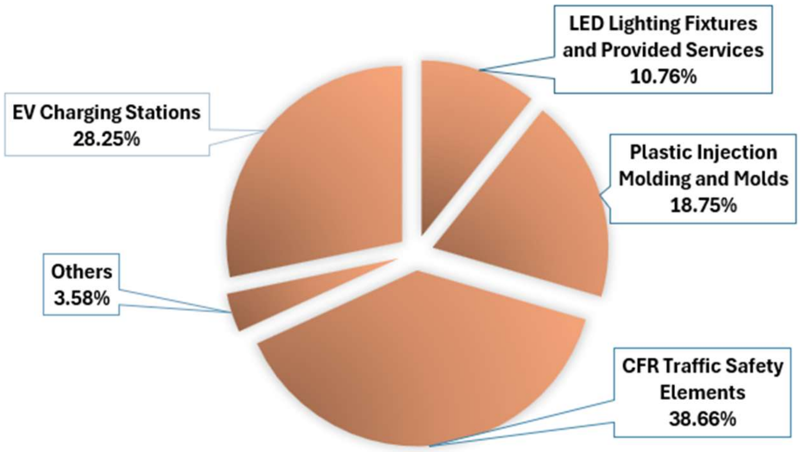
The distribution of rented spaces, depending on the destination, was as follows:

- Offices: 28%
- Deposits: 28%
- Yield: 17%
- Services: 27%

In a competitive real estate context, the group maintains its orientation towards quality and tenant loyalty, through complementary services and modern facilities: gym on the premises, cafeteria, green areas arranged like an English garden, as well as maintenance services adapted to the needs of customers.

4.3. PRODUCTION OF GOODS

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



In the first half of 2025, the Group continued its strategy of optimizing its product portfolio and streamlining operations, focusing on profitable business lines and the strict management of working capital. In an economic environment still marked by volatility, the Group maintained and strengthened the efficiency measures initiated in 2024, which had a positive impact on both financial and operational balance.

Amid a significant inventory of electric vehicle charging stations and LED lighting systems and solutions in stock, the Group continued to adjust production during the first half of 2025, aligning with demand dynamics—particularly from business partners with short payment terms (0–90 days).

The Group also continuously analyzed the profitability of projects in the plastic injection molding segment, aiming to optimize operations and improve financial performance. In this context, commercial contracts with an unfavorable impact were renegotiated due to the significant increase in raw material and labor costs, which also led to the termination of certain contractual relationships. At the same time, the Group continued the process of selling equipment no longer used in plastic injection operations.

With regard to the segment dedicated to railway traffic safety components, activity was significantly scaled down. Given that the final beneficiary is CFR Infrastructure, the pace of investment in the railway network directly influences demand in this sector.

All these measures reflect the Group's ongoing efforts to actively adapt to market developments, with the goal of increasing operational efficiency and optimizing financial flows.

4.4. ELECTRICITY PRODUCTION AND SUPPLY

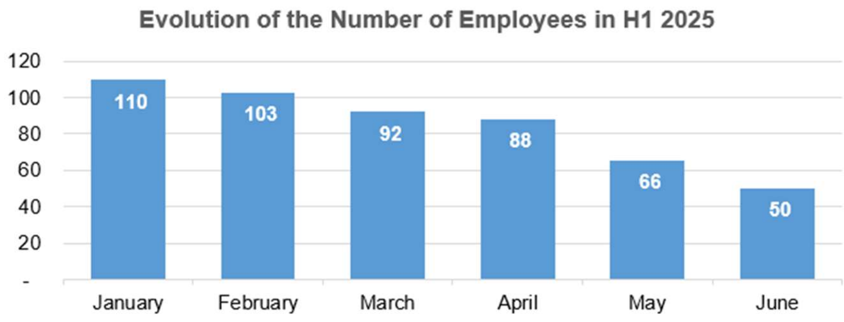
In the first half of 2025, the Electromagnetica Group no longer carried out electricity production activities, as a result of the conclusion of these operations during 2024.

Previously, the company held the electricity producer license since 2007, operating a portfolio of 10 micro-hydropower plants located in the Suceava and Brodina river basin, with a total installed capacity of 5.5 MW. These assets were sold in an auction held on August 7, 2024. Subsequently, at the request of the company, ANRE issued Decision no. 2450/19.11.2024 by which the License no. 769 for the production of electricity.

The energy supply activity carried out in 2024, intended to cover its own needs and those of tenants, was not continued in H1 2025. Thus, in the first half of the year, no operations were recorded in this segment of activity.

5. ASSESSMENT OF ASPECTS RELATED TO GROUP EMPLOYEES

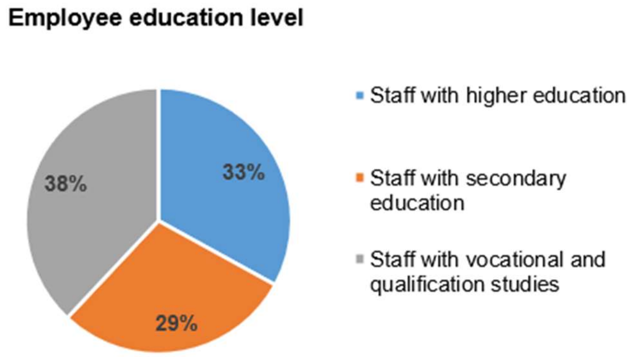
In the first half of 2025, the average number of employees was 85.

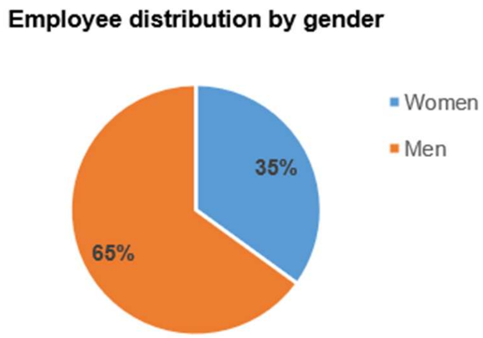


The decrease in the number of employees is due to the consolidation of internal processes and flows in terms of the profitability of the business lines and the optimization of the product portfolio to maximize the profit obtained.

The process of streamlining operations has contributed to the elimination of redundancies and unjustified costs, which has led to the stabilization of the company's financial performance, given the global economic challenges and the national economy. Moreover, the Group will continue to implement a strategy to consolidate the business and align with the market segments that generate added value for shareholders, including by recalibrating the human and financial resources used.

The level of training and gender distribution of employees are shown below.





Relations between management and employees are carried out under normal conditions.

6. PRODUCT CERTIFICATIONS. AUDITS AND EVALUATIONS

The Group complies with the requirements imposed by the normative acts governing its activity, and in the first half of 2025, the necessary certifications for the products in the manufacturing portfolio were maintained.

The internal audit activity was carried out according to the Audit Program for the first semester of 2025.

7. MAIN RISKS AND MANAGEMENT POLICIES

The risk management policies are defined to ensure the identification, assessment, prevention and control of the significant risks faced by the Group, while establishing the accepted exposure limits. These policies ensure that there are effective control mechanisms and an operational environment in which each employee knows his or her responsibilities.

The Group may be exposed to both direct risks arising from current business and indirect risks arising from commercial and contractual relationships with other entities.

The main risks identified are:

- Market risk (interest rate risk, currency risk, price risk)
- Credit risk

- Liquidity risk
- Data protection and processing risk
- Risk of sanctions
- Litigation risk
- Risks covered by insurance policies

Market risk

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

Interest rate risk

Interest rate risk represents the current or future risk of affecting profits and capital as a result of adverse changes in interest rates. The interest rate directly influences the income and expenses attached to interest-bearing financial assets and debts. Most of the Group's assets are non-interest-bearing. The interest rates applied to cash and cash equivalents are short-term as of June 30, 2025. As of December 31, 2024 and during the first half of 2025, the Group did not take out any loans.

Currency risk

The Group is exposed to a limited extent to currency risk, as a significant part of the material supply is made from imports. This risk is managed by correlating receipts and payments in foreign currency, as well as by constantly adjusting cost prices and renegotiating contracts.

Price risk

Price risk is generated by the volatility of the purchase prices of materials and the sale of goods, as a result of market fluctuations determined either by factors affecting the market as a whole (systemic component) or by factors specific to products, suppliers or customers (non-systemic component). The Group continuously monitors these variations and takes measures to maintain competitiveness, including price adjustments and technological optimizations.

Credit risk

Credit risk consists of the possibility that the contracting parties breach their contractual obligations leading to financial losses for the group. Where possible and market practice permits, the Group shall require guarantees. Trade receivables come from a wide range of clients operating in various fields of activity and in different geographical areas. To counteract this risk factor, the group has applied pre-contractual customer verification policies (RISCO and COFACE reports). Policies were contracted to insure claims on the foreign market.

The Group's management makes a continuous effort to recover commercial receivables and has taken constant steps (e.g. payment orders), some of them followed by court actions (payment orders) and then, as the case may be, forced execution. In parallel, internal measures were also taken, both in terms of trade policy and related to the reorganization of the Trade Directorate.

Liquidity risk

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

Data protection and processing risk

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

Risk of sanctions

The Group manages these risks through preventive actions. This involves, among other things, monitoring legislative changes and informing employees, participation in courses and seminars (labor law, competition, GDPR - personal data protection, risk management and corporate governance, etc.) and last but not least, compliance courses with the employees involved.

Litigation risk

The disputes in which the group is involved do not have values that affect the financial stability of the company, especially since in the vast majority of cases, the Electromagnetica Group is in the position of creditor. In all cases, including those as creditors to insolvency/bankruptcy companies, procedural positions were 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 recovery of the debts of various debtors, the risk of injury to exposed employees, the protection of assets through insurance, liability to third parties, liability as a producer, professional liability for some professions, liability of administrators.

8. TANGIBLE ASSETS OF THE GROUP

The group owns land and buildings in Bucharest, Bucharest county. Ilfov and Ilfov county. Dâmbovița.

The spaces for rent are exclusively in Bucharest and Bucharest county. Ilfov, most of them at the headquarters in Calea Rahovei 266-268, where approximately 31,000 sqm are leased. The group has no disputes related to the ownership of its land.

9. SECURITIES MARKET

a. Evolution of the share price of Electromagnetica S.A

Electromagnetica S.A is listed in the Premium category of BVB, where it trades with the following characteristics:

Market Symbol:**ELMA**
Ordinary, registered, dematerialized shares
Number of issued shares: **676,038,704**
Face value: **0.1000 RON**
Share capital: **67,603,870.40 RON**
ISIN code: **ROELMAACNOR2**
LEI Code: **254900MYW7D8IGEFRG38**
ELMA shares are included in the **BET Plus stock index**

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

During the first half of 2025, 18,891,659 shares were traded, representing 2.79% of the total number of shares, at an average price of RON 0.2437/share. The reference price oscillated between a minimum of RON 0.2260/share and a maximum of RON 0.2620/share.

b. Dividends granted by Electromagnetica S.A.

Electromagnetica S.A. has always had in mind the protection of shareholders' interests, both in terms of development strategy and dividend distribution policy. During periods when financial performance allowed, the company distributed dividends to shareholders. However, the financial results of 2023 and 2024 recorded losses, which led to the non-payment of dividends to shareholders.

c. Dividends granted by subsidiaries

In the context of the dissolution and liquidation process of the three subsidiaries, the dividend policy will be adapted according to the evolution of this process. In this regard, 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.

10. SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENT AS AT 30 JUNE 2025

10.1. SIMPLIFIED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	June 30, 2025	December 31, 2024
ACTIVE		
Non-current assets		
Property, plant and equipment	289,432,909	298,383,201
Investment property	24,903,878	24,903,878
Intangible assets	262,049	360,237
Other non-current assets	4,012,342	4,519,717
Rights of use assets	-	27,996
Total non-current assets	**318,611,178**	**328,195,029**
Current assets		
Inventories	4,957,677	7,308,363
Trade receivables	9,228,363	12,933,198
Cash and cash equivalents	90,818,245	75,704,694
Deposits placed with banks	217,708	10,000,000
Other current assets	6,215,385	3,320,621
Assets classified as held for sale	-	841,296
Current tax receivables	1,613,427	1,676,704
Total current assets	**113,050,805**	**111,784,876**
Total assets	**431,661,983**	**439,979,905**
EQUITY AND LIABILITIES		
Equity		
Share capital	67,603,870	67,603,870
Reserves and other equity items	211,299,213	223,797,142
Retained earnings	110,439,372	101,385,735
Total equity attributable to shareholders of the company	**389,342,455**	**392,786,747**
Minority interests	**353,235**	**342,253**
Total equity	**389,695,690**	**393,129,000**
Long-term liabilities		
Trade and other payables	1,723,132	1,717,399
Deferred tax liabilities	28,222,584	29,214,286
Lease liabilities	163,350	187,608
Total long-term liabilities	**30,109,066**	**31,119,293**
Current liabilities		
Trade and other payables	9,464,822	13,148,776
Provisions	2,348,687	2,511,532
Lease liabilities	43,718	71,304
Total current liabilities	**11,857,227**	**15,731,612**
Total liabilities	**41,966,293**	**46,850,905**
Total equity and liabilities	**431,661,983**	**439,979,905**

10.2. SIMPLIFIED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Period of 6 months ended June 30, 2025	Period of 6 months ended June 30, 2024
Revenue	16,816,997	51,444,998
Investment income	-	-
Other net income and expenses	(630,194)	(2,387,244)
Change in inventories of finished products and work in progress	(900,590)	(1,964,787)
Capitalized workings	-	65,891
Raw materials and consumables used	(4,030,424)	(29,316,577)
Employees benefits expenses	(6,812,187)	(15,939,696)
Depreciation and amortization expense	(4,790,922)	(5,425,705)
Other expenses	(6,344,003)	(7,898,250)
Financial income	2,515,417	788,006
Financial expenses	(58,364)	(59,547)
Profit / (Loss) before tax	**(4,234,270)**	**(10,692,911)**
Income tax	840,564	911,936
Profit / (Loss) of the period	**(3,393,706)**	**(9,780,975)**

10.3. SIMPLIFIED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Period of 6 months ended June 30, 2025	Period of 6 months ended June 30, 2024
Net cash from operating activities	10,863,920	5,239,975
Net cash from/(used in) investment activities	4,315,596	710,687
Net cash from/(used in) financing activities	(65,965)	(128,171)
Net increase/(decrease) of cash and cash equivalents	**15,113,551**	**5,822,491**
Cash and cash equivalents at the beginning of the period	75,704,694	30,888,179
Cash and cash equivalents at the end of the period	90,818,245	36,710,670

10.4. PARENT COMPANY'S CONTRIBUTION TO GROUP EARNINGS

The table below highlights the parent company's majority contribution to the key indicators in the consolidated financial statements, reflecting a significant influence on the Group's financial position. The other entities in the group have a low contribution at consolidated level:

	June 30, 2025		
	Group	**The parent company**	**Parent company**
	RON	**RON**	%
Non-current assets	318,611,178	312,853,841	98.2%
Current assets	113,050,805	110,935,204	98.1%
Equity attributable to shareholders of the company	389,342,455	381,045,665	97.9%
Long-term liabilities	30,109,066	30,056,341	99.8%
Current liabilities	11,857,227	12,687,039	107.0%
Profit / (Loss) before tax	(4,234,270)	(4,578,146)	108.1%
Profit / (Loss) of the period	(3,393,706)	(3,676,846)	108.3%

11. RELATED PARTIES AND TRANSACTIONS WITH THEM

The group of companies in which Electromagnetica S.A. held control in the first half of 2025 consists of Procetel S.A., Electromagnetica Fire S.R.L. and Electromagnetica Prestserv S.R.L.

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

There were no significant transactions to report with related parties within the meaning of art. 108 of Law no. 24/2017 on issuers of financial instruments and market operations republished. The companies controlled by Electromagnetica S.A. have little influence on the gross profit following consolidation, as the transactions they carry out are mostly with the parent company.

12. LITIGATION

The disputes in which the group is involved are of values that are not likely to affect the financial stability of the group. The Group manages disputes through collaborations with external partners specialized in managing specific conflicts.

13. KEY MANAGEMENT PERSONNEL

In accordance with the Articles of Incorporation, Electromagnetica S.A. is managed in a unitary system.

Electromagnetica S.A. is managed by a Board of Directors, consisting of five members, elected by the General Meeting of Shareholders for a period of 4 years, with the possibility of being re-elected.

The composition of the Board of Directors of Electromagnetica S.A. as of 30.06.2025 is as follows:

- Daniela-Adi Cucu – Chairman of the Board of Directors;
- Sorin-Iulian Cioacă – Member of the Board of Directors;
- Cristina-Gabriela Gagea - Member of the Board of Directors;
- Mihai Trifu - Member of the Board of Directors;
- Mihai Zoescu - Member of the Board of Directors.

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

According to the statutory provisions, the chairman of the Board of Directors can also be the General Manager and legally represents the company. The Board of Directors delegates part of its powers to one or more directors on the basis of mandate contracts, while fixing their tasks.

The executive management during the first semester of 2025 was ensured as follows:

- Daniela-Adi Cucu - General Manager (01.01.2025 - 30.06.2025);
- Robert – Ștefan Ion - Commercial Director (01.01.2025-13.02.2025);
- George – Alin Ștefan - Deputy General Manager (22.05.2025 - 30.06.2025).

The remuneration of the directors is established by the decision of the Board of Directors. The gross annual remuneration and other benefits, including the one approved by the General Meeting of Shareholders through the B.V.C. due to the management, may not exceed 5% of the value of the equity, 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 Administrators, Executive Directors and Members of the Audit and Risk Committee was drafted, which was approved at the OGMS of April 25, 2024.

14. FINANCIAL REPORTING CALENDAR FOR THE SECOND HALF OF 2025

August 18, 2025: Presentation of the Half-Year Report - financial results for the first half of 2025

November 17, 2025: Presentation of the Quarterly Report - Financial Results for the Third Quarter of 2025

More information about the activity of Electromagnetica S.A., including information of interest to investors, is available on the website of www.electromagnetica.ro.

15. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- ***Deregistration of the subsidiary of Electromagnetica Prestserv SRL***

On July 11, 2025, the Trade Register Office issued the Conclusion no. 580841 on the admission of the request for deregistration of the subsidiary Electromagnetica Prestserv S.R.L. The deregistration was carried out in accordance with the applicable legal provisions, and the deregistered company will also be removed from the records of the National Agency for Fiscal Administration.

- ***Resolutions of the Ordinary and Extraordinary General Meetings of Shareholders of Procetel S.A. of 21.07.2025***

On July 21, 2025, the Extraordinary and Ordinary General Meeting of Shareholders of Procetel S.A. was held, during which the liquidation balance sheet was approved on 31.03.2025.

- ***Subscription of bonds issued by PK Development Holding S.A.***

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

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

The bonds are secured by a first-rank mortgage on a shopping center ("Mall Moldova") and adjacent buildings, owned by Ermes Holding S.R.L. and two promissory notes issued in blank by the issuer.

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

- ***Awarding* of the SMD Line**

On August 1, 2025, in a competitive open auction held at the company's headquarters at Calea Rahovei No. 266-268, Sector 5, Bucharest, the SMD Line was awarded to the highest bidder at a price of RON 83,565, excluding VAT. The sale-purchase agreement will be signed with the successful bidder within 30 working days from the signing of the award minutes.

There are no other important events that affect last year's results or the conduct of the Electromagnetica Group's activity in the first half of 2025. The process of operational consolidation of the Electromagnetica Group will continue, with the maintenance of those lines of activity that create added value for shareholders.

General Director	**Chief Accountant**
George – Alin Ștefan	**Maria Gârzu**

ELECTROMAGNETICA S.A.

SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025 (UNAUDITED)

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

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SIMPLIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2025 (UNAUDITED)

ELECTROMAGNETICA S.A.
SIMPLIFIED INTERIM CONSOLIDATED SITUATION OF THE PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2025 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	Note	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Revenue	**20**	**16,816,997**	**51,444,998**
Investment income		-	-
Other net income and expenses	**20**	(630,194)	(2,387,244)
Change in inventories of finished products and work in progress		(900,590)	(1,964,787)
Capitalized workings		-	65,891
Raw materials and consumables used	**21**	(4,030,424)	(29,316,577)
Employees benefits expenses	**21**	(6,812,187)	(15,939,696)
Depreciation and amortization expenses	**21**	(4,790,922)	(5,425,705)
Other expenses	**21**	(6,344,003)	(7,898,250)
Financial income	**22**	2,515,417	788,006
Financial expenses	**22**	(58,364)	(59,547)
Profit / (Loss) before tax		**(4,234,270)**	**(10,692,911)**
Income tax	**23**	840,564	911,936
Profit / (Loss) of the period		**(3,393,706)**	**(9,780,975)**
Other comprehensive income:			
of which:			
- items which will not be reclassified subsequently to profit or loss, of which:			
- surplus from revaluation of property, plant and equipment		-	-
- deferred tax recognized in equity		-	-
Total Other comprehensive income		**(3,393,706)**	**(9,780,975)**
Profit/(loss) of the period attributable to:			
Owners of the Group		(3,404,688)	(9,794,410)
Non-controlling interests		10,982	13,435
Earnings per share / Diluted earnings per share	**26**	**(0.0050)**	**(0.0145)**

The simplified interim consolidated financial statements have been approved to be issued by management on **August 17, 2025**:

GEORGE – ALIN ȘTEFAN	**GÂRZU MARIA**
General Director	**Chief Accountant**

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

	Note	June 30 2025	December 31 2024
ASSETS			
Non-current assets			
Property, plant and equipment	**5**	289,432,909	298,383,201
Investment property	**6**	24,903,878	24,903,878
Intangible assets	**7**	262,049	360,237
Other non-current assets	**9**	4,012,342	4,519,717
Rights of use assets	**8**	-	27,996
Total non-current assets		**318,611,178**	**328,195,029**
Current assets			
Inventories	**10**	4,957,677	7,308,363
Trade receivables	**11**	9,228,363	12,933,198
Cash and cash equivalents	**13**	90,818,245	75,704,694
Deposits placed with banks	**13**	217,708	10,000,000
Other current assets	**12**	6,215,385	3,320,621
Assets classified as held for sale		-	841,296
Current tax receivables	**23**	1,613,427	1,676,704
Total current assets		**113,050,805**	**111,784,876**
Total assets		**431,661,983**	**439,979,905**
EQUITY AND LIABILITIES			
Equity			
Share capital	**14**	67,603,870	67,603,870
Reserves and other equity items	**15**	211,299,213	223,797,142
Retained earnings	**16**	110,439,372	101,385,735
Total equity attributable to shareholders		**389,342,455**	**392,786,747**
Non-controlling interests		**353,235**	**342,253**
Total equity		**389,695,690**	**393,129,000**
Long-term liabilities			
Trade and other payables	**18**	1,723,132	1,717,399
Deferred tax liabilities	**23**	28,222,584	29,214,286
Leasing liabilities		163,350	187,608
Total long-term liabilities		**30,109,066**	**31,119,293**
Current liabilities			
Trade and other payables	**18**	9,464,822	13,148,776
Provisions	**17**	2,348,687	2,511,532
Leasing liabilities		43,718	71,304
Total current liabilities		**11,857,227**	**15,731,612**
Total liabilities		**41,966,293**	**46,850,905**
Total equity and liabilities		**431,661,983**	**439,979,905**

The simplified interim consolidated financial statements have been approved to be issued by management on **August 17, 2025**:

GEORGE – ALIN ȘTEFAN | **GÂRZU MARIA**

General Director | **Chief Accountant**

(all amounts are expressed in RON, unless otherwise specified)

	Period of 6 months ended June 30, 2025	**Period of 6 months ended June 30, 2024**
Profit/(loss) for the period	**(3,393,706)**	**(9,780,975)**
Adjustments:		
Net movement of provisions and impairment adjustments for:		
- receivables	(698,948)	(1,252,608)
- inventories	1,343,583	3,854,600
- employee benefits	(140,032)	(118,494)
- provisions for guarantees to customers and other provisions	(22,813)	-
Depreciation and amortization of non-current assets, including reversals	4,790,922	5,425,705
Investment subsidies	-	(81,609)
Revaluation of property, plant and equipment and investment property	-	-
Net gains on disposal of non-current assets	442,752	(961)
Interest expense	11,690	1,161
Interest income	(2,458,560)	(730,478)
Deferred tax expense (income)	(991,702)	(1,000,282)
Income tax expense	151,138	88,346
Cash generated from operating activities before changes in working capital	**(965,676)**	**(3,595,595)**
Receipts from the withdrawal of deposits with an initial maturity of more than 3 months	9,782,292	-
(Increase)/decrease in inventories	1,007,103	3,288,380
(Increase)/decrease in receivables and other assets	4,909,869	14,611,473
Increase/(decrease) of liabilities	(3,798,135)	(9,021,691)
Income tax paid	(71,533)	(42,592)
Net cash from operating activities	**10,863,920**	**5,239,975**
Cash flows from investment activities		
Purchase of property, plant and equipment	(77,134)	(56,366)
Proceeds from the sale of property, plant and equipment	2,019,540	89,027
Interest received	2,373,190	678,026
Dividends received	-	-
Net cash used in investment activities	**4,315,596**	**710,687**
Cash flows from financing activities		
Repayment of lease liability	(51,844)	(99,398)
Interest paid	(11,690)	(1,587)
Dividends paid	(2,431)	(27,186)
Net cash used in financing activities	**(65,965)**	**(128,171)**
Net increase/(decrease) of cash and cash equivalents	**15,113,551**	**5,822,491**
Cash and cash equivalents at the beginning of the period	**75,704,694**	**30,888,179**
Cash and cash equivalents at the end of the period	**90,818,245**	**36,710,670**

The simplified interim consolidated financial statements have been approved to be issued by management on **August 17, 2025**:

GEORGE – ALIN ȘTEFAN	**GÂRZU MARIA**
General Director	**Chief Accountant**

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

	Share capital	Retained earnings	Tangible asset revaluation reserves	Other Items	Legal reserve	Deferred tax recognized in reserves	Non-controlling interests	Total equity
Balance as of January 01, 2025	**67,603,870**	**101,385,735**	**194,148,177**	**48,193,085**	**12,563,942**	**(31,108,062)**	**342,253**	**393,129,000**
Total results related to the period:								
Profit or loss for the reported period	-	(3,404,688)	-	-	-	-	10,982	(3,393,706)
Other comprehensive income	**-**	**12,493,990**	**(6,110,994)**	**(7,407,144)**	**(22,000)**	**1,042,209**	**-**	**(3,939)**
Net surplus from revaluation of fixed assets	-	-	-	-	-	-	-	-
Deferred tax related to revaluation	-	-	-	-	-	-	-	-
Legal reserve and other reserves	-							
Transfer of reserves to retained earnings	-	6,107,055	(6,107,055)	-	-	-	-	-
Transfer of related deferred tax from revaluation reserve to retained earnings	-	(1,042,209)	-	-	-	1,042,209	-	-
Transfer of reserves to retained earnings		22,000	(3,939)	-	(22,000)	-	-	(3,939)
Transfer of reserves to retained earnings		7,407,144	-	(7,407,144)	-	-	-	-
Total results related to the period:	**-**	**9,089,302**	**(6,110,994)**	**(7,407,144)**	**(22,000)**	**1,042,209**	**10,982**	**(3,397,645)**
Transactions with shareholders, recorded directly in equity:								
Dividends distributed to shareholders	-	-	-	-	-	-	-	-
Other elements	-	(35,665)	-	-	-	-	-	(35,665)
Balance as of June 30, 2025	**67,603,870**	**110,439,372**	**188,037,183**	**40,785,941**	**12,541,942**	**(30,065,853)**	**353,235**	**389,695,690**

The simplified interim consolidated financial statements have been approved to be issued by management on **August 17, 2025**:

GEORGE – ALIN ȘTEFAN **GÂRZU MARIA**

General Director **Chief Accountant**

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

	Share capital	Retained earnings	Tangible asset revaluation reserves	Other Items	Legal reserve	Deferred tax recognized in reserves	Non-controlling interests	Total equity
Balance as of January 01, 2024	**67,603,870**	**71,976,006**	**147,390,995**	**81,371,341**	**12,563,942**	**(23,515,508)**	**392,409**	**357,783,055**
Total results related to the period:								
Profit or loss for the reported period	-	(9,794,410)	-	-	-	-	13,435	(9,780,975)
Other comprehensive income	**-**	**2,621,614**	**(3,120,786)**	**-**	**-**	**499,172**	**-**	**-**
Net surplus from revaluation of fixed assets	-	-	-	-	-	-	-	-
Deferred tax related to revaluation	-	-	-	-	-	-	-	-
Legal reserve and other reserves	-							
Transfer of reserves to retained earnings	-	3,120,786	(3,120,786)	-	-	-	-	-
Transfer of related deferred tax from revaluation	-	(499,172)	-	-	-	499,172	-	-
Transfer net profit to reserves		-	-	-	-	-	-	-
Total result related to the period	**-**	**(7,172,796)**	**(3,120,786)**	**-**	**-**	**499,172**	**13,435**	**(9,780,975)**
Transactions with shareholders, recorded directly in equity:								
Dividends distributed to shareholders	-	-	-	-	-	-	(121,516)	(121,516)
Other elements	-	630,175	-	(534,796)	-	-	-	95,379
Balance as of June 30, 2024	**67,603,870**	**65,433,385**	**144,270,209**	**80,836,545**	**12,563,942**	**(23,016,336)**	**284,328**	**347,975,943**

The simplified interim consolidated financial statements have been approved to be issued by management on **August 17, 2025**:

GEORGE – ALIN ȘTEFAN **GÂRZU MARIA**

General Director **Chief Accountant**

1. GENERAL INFORMATION ABOUT THE GROUP

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

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

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

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

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

Procetel S.A. is a joint-stock company with headquarters in Bucharest, Calea Rahovei no. 266-268, trade register number J40/10437/1991, CUI 406212, tel: 031.700.26.14, fax: 031.700.26.16. Procetel S.A. is a closed joint-stock company (the shares are not traded on the capital market) whose main activity is research and development in other natural sciences and engineering (NACE code 7219). At present, the research activity has been drastically reduced, the results obtained coming mainly from the activity of renting spaces. The administrative management is provided by Business Recovery BD&A S.P.R.L.

At the General Meeting of Shareholders of Procetel S.A. held on 18.11.2024, the dissolution of Procetel S.A. On 30.06.2025 the process was underway.

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

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

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

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

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

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

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

1. GENERAL INFORMATION ABOUT THE GROUP (continued)

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

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

June 30, 2025

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

December 31, 2024

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

2. BASICS OF PREPARATION

Declaration of conformity

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

The consolidated interim financial information for 30 June 2025 has not been audited or subject to review by an external auditor.

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

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

Business continuity principle

The simplified interim consolidated financial statements have been prepared based on the fair value convention for fixed assets and investment properties. Other assets and liabilities are presented at amortized cost or historical cost.

Basis of preparation

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

Functional and presentation currency

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

2. BASICS OF PREPARATION (continued)

Foreign currency

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

Conversion differences are shown in the profit or loss account.

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

	June 30 2024	December 31 2024	June 30 2025
Exchange rate to EUR at end of period	4.9771	4.9741	5.0777
Exchange rate to USD at the end of the period	4.6489	4.7768	4.3329

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

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

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

The effect of the change related to the current period is recognized as income or expense in the current period. If it exists, the effect on future periods is recognised as income or expense in those future periods.

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

Estimates and assumptions are mainly used for impairment adjustments of fixed assets, estimation of the useful life of fixed assets, for adjustment of impairment of receivables and inventories, for provisions, for recognition of deferred tax receivables.

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

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

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

(all amounts are expressed in RON, unless otherwise specified)

2. BASICS OF PREPARATION (continued)

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

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New IFRS accounting standards and amendments to existing standards, which are in force in the current year

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

Standard	Title
IAS1 - Presentation of Statements Financial	Classification of debts into current debts or long-term liabilities (amendments)
Amendments to IAS 7 and IFRS 7	Financing agreements in relation to suppliers
Amendments to IFRS 16	IFRS 16 Leases: Lease Liability in a Sale-and-Take-Back Lease (Amendments)

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

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

Standard	Title	Effective Date
Amendments to IAS 21	Lack of convertibility	January 1, 2025

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

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

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

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

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

Hedge accounting against the risks of a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Group's estimates, the use of hedging accounting against the risks of a portfolio of financial assets and liabilities in accordance with **IAS 39: "Financial instruments: recognition and measurement"** would not materially affect the financial statements, if applied at the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

4.1. Significant accounting policies

The main accounting policies are presented below:

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

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

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

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

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

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

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

The group classifies all other debts as long-term.

Fair Value

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

Fair value measurement is based on the assumption that the sale of the asset or the transfer of the debt takes place either:

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

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

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

4.1. Significant accounting policies (continued)

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

With regard to valuation techniques, they shall be appropriate taking into account the circumstances for which sufficient data are available for fair value measurement, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

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

- **Level 1** inputs – are quoted (unadjusted) prices on active markets for identical assets and liabilities to which the entity has access at the valuation date. This data provides the most reliable proof of fair value and should be used wherever available
- Level 2 **inputs** – are inputs other than the quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability (e.g. quoted prices for the same or similar assets or liabilities in markets that are not assets)
- Level 3 **inputs** – are unobservable inputs for the asset or liability. The group shall develop unobservable inputs on the basis of the best available information in the circumstances, which may include the group's own data.

The Group's finance department determines the applicable procedures for both recurring fair value measurements such as real estate investments, property, plant and equipment where the fair value model is adopted.

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

Revenue from customer contracts

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

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

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

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

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

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

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

4.1. Revenue from customer contracts (continued)

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

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

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

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

More details can be found in Note 20, where the Group's main income-generating activities are presented.

Income from other sources

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

The income from renting spaces is recognized in the straight-line profit and loss account, during the duration of the lease agreement.

Dividends and interest

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

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

Leasing

The group as a tenant

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

The Group recognises a right to use the asset and a corresponding lease liability in relation to all leases in which it is a lessee/user, with the exception of short-term contracts (defined as leases for a lease period of 12 months or less) and leases of assets of small value (under RON 24,500).

For these leases, the Group recognises the payments as operating expenses on a straight-line basis over the duration of the lease.
The Electromagnetica Group classifies as leasing contracts those aimed at renting premises. As the lease is carried out for periods of one year or more, they are treated in a unitary accounting manner by recognising a right to use the asset and a leasing debt.
The group assesses whether a contract is or contains a lease clause at the beginning of the contract.

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

4.1. Significant accounting policies (continued)

Leasing (continued)

Lease debt

At the start date of the lease, the Group recognises the lease liabilities, measured at the present value at the marginal lease payment rate, over the term of the lease. Payments include fixed payments minus any incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid in the form of residual value.

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

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

a. fixed payments (including fixed fund payments), less any leasing incentives to be received;

b. variable lease payments that depend on an index or rate, initially assessed on the basis of the index or rate from the start date;

c. the expected amounts owed by the lessee based on guarantees related to the residual value;

d. the exercise price of a call option if the lessee has reasonable certainty that he will exercise the option; and

e. payments of the penalties for termination of the leasing contract, if the duration of the leasing contract reflects the exercise by the lessee of an option to terminate the leasing contract.

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

The Group shall revalue the lease liability by discounting the revised lease payments using a revised discount rate, where either:

a. there is a change in the duration of the leasing contract. The Group determines revised lease payments based on a revised lease term; daughter

b. there is a change in the valuation of an option to call the underlying asset, measured on the basis of the events and circumstances described in IFRS 16 in the context of a call option.

c. The Group determines the revised lease payments to reflect the change in the amounts due under the purchase option.

The Group revalues the lease liability by updating the revised lease payments in any of the following situations:

a. there is a change in the amounts expected to be due in accordance with the residual value guarantee. The Group shall determine the revised lease payments to reflect the change in the amounts expected to be due in accordance with the residual value guarantee.

b. there is a change in future lease payments resulting from a change in an index or rate(s) used to determine those payments, including, for example, a change reflecting changes in market rent rates as a result of a revision of market rents. The lessee must revalue the liability arising from the lease to reflect those revised lease payments only when a change in cash flows occurs (i.e. when the lease payment adjustment occurs). The Group determines the revised lease payments for the remainder of the lease term based on the revised contract payments.

Right to use assets

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

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

4.1. Significant accounting policies (continued)

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

Right to use assets	Depreciation period (years)
Spaces	1-5
Means of transport	3-5

Group as lessor

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

All leases are recognised as operational leases.

Rental income from operational leases is recognised on a straight-line basis over the duration of the respective lease.

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

Borrowing costs

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

All other borrowing costs are recognised as expenses in the profit and loss account for the period in which they arise.

Interest expense is recorded using the effective interest method.

During the 6-month period ended June 30, 2025 and June 30, 2024 respectively, the Group did not capitalize interest expense in the amount of assets, as it did not take out any investment loans.

Employee benefits

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

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

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

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

The Group does not currently provide benefits in the form of employee profit-sharing.

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

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

4.1. Significant accounting policies (continued)

Taxation

Current corporate income tax

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

Deferred tax

The deferred tax is constituted by analyzing the temporary differences in assets and liabilities.

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

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

Currently, the tax losses generated by companies in Romania are recovered from the taxable profits made, up to and including 70%, in the next 5 consecutive years.

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

Receivables and liabilities related to deferred corporate income tax are clearly presented if this right exists and when they are related to the same entity and if they are due to the same tax authority.

Current and deferred tax

Current and deferred taxes are recognised in the statement of profit and loss unless they relate to items recognised in *Other comprehensive income* or directly in equity, in which case current and deferred taxes are also recognised in *Other comprehensive income*, respectively, equity.

Value Added Tax (VAT)

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

- the situation in which the tax related to the acquisition of an asset or the provision of a service is not recoverable from the tax authority, in which case the VAT is recognised as part of the acquisition cost of the asset or service, as the case may be;

- when receivables and liabilities are recognised with VAT included, when the net amount payable or recovered from the tax authority is included in the receivables or liabilities in *the Statement of Financial Position*.

Property, plant and equipment

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

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

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

The group opted to use the revaluation model for the valuation after the initial recognition of property, plant and equipment.

Land and buildings used in production or for the supply of goods and services, or for administrative purposes are presented in *the Statement of Financial Position* at cost minus accumulated depreciation and minus cumulative impairment losses.
If the cost of the land includes costs of decommissioning, removal, restoration, these costs are amortized during the period when benefits are obtained as a result of these costs.

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

4.1. Significant accounting policies (continued)

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

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

Depreciation also begins when assets are available for use.

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

The land owned is not depreciated.

The residual value, the estimated useful life and the depreciation method are revised at the end of each reporting period, any changes thereto being accounted for prospectively.

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

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

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

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

Investment property

The Group's investment properties are initially valued at cost which is made up of the purchase price plus any directly attributable expenses (professional fees for legal services, fees for the transfer of ownership, etc.).

After initial recognition, investment properties are recognised in the financial statements at fair value**.** Investment properties are not depreciated, gains or losses arising from changes in their fair value are included in the profit or loss of the period in which they occur.

Intangible assets

Separately purchased intangible assets

Finite life intangible assets that are purchased separately are initially recognised at cost and are subsequently accounted for at cost less accumulated depreciation and impairment. Amortization is recognized linearly over their useful lives. The useful life for this group of fixed assets is between 3 and 5 years. Their useful life and depreciation method are reviewed at the end of each reporting period, with the effect that any changes to the estimates are accounted for on a forward-looking basis.

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

Internally generated intangible assets - research and development expenditure

Expenditure on research activities shall be recognised as such in the period in which it was carried out.

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

4.1. Significant accounting policies (continued)

An internally generated intangible asset resulting from development (or from the development stage of an internal project) is recognised if all of the following criteria have been demonstrated:

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

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

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

Derecognition of intangible assets

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

Impairment of property, plant and equipment and intangible assets

To determine whether a property, plant and equipment or intangible assets measured at cost is impaired, the Group analyzes in accordance with IAS 36 to identify whether there are indications of impairment.

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

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

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

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

Impairment losses are recognised in the *statement of profit and loss* on the line *Depreciation and impairment adjustments of fixed assets*.

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

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

4.1. Significant accounting policies (continued)

Major maintenance and repairs

Capitalised costs of capital inspection and repair activities are separate components of the corresponding assets or groups of assets. Capitalized capital repair costs are amortized using the depreciation method for the underlying asset until the next repair.

Major repair costs include the cost of replacing assets or parts of assets, inspection costs and capital repair costs.

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

Inspection costs associated with major maintenance programs are capitalized and amortized until the next inspection.
The costs of capital repair activities for micro-hydropower plants have also been capitalised.

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

Inventories

The Group recognises as inventories those assets that are:

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

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

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

For invetories of raw materials and materials, as well as for inventories of finished products, adjustments are made based on the approved supply policy. The constitution and resumption of adjustments for the depreciation of inventories shall be made on account of the profit and loss account.

Upfront expenses

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

Financial instruments

Initial recognition and measurement

i) Financial instruments

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

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

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

4.1. Significant accounting policies (continued)

Financial instruments (continued)

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

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

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

(ii) Financial assets

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

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

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

Cash and cash equivalents

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

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

Other financial assets at amortised costs

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

Trade receivables and other receivables

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

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

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

4.1. Significant accounting policies (continued)

Financial instruments (continued)

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

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

Judgments and estimates

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

(iii) Financial debts

The Group's financial payables mainly comprise trade and other payables.

A financial debt is derecognised when the obligation relating to the debt is extinguished, cancelled or expires. When an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially altered, such exchange or amendment shall be treated as a derecognition of the original liability and recognition of a new liability, and the difference between those carrying amounts shall be recognised as profit or loss.

Loans and interest-bearing loans

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

Shareholder financing

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

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

Derivatives

Derivatives are initially recognised and subsequently revalued at fair value. The group has no significant derivatives.

Government subsidies

Under IAS 20, government grants are recognised only when there is sufficient certainty that all conditions attached to their award will be met and that the grants will be received. Grants that meet these criteria are presented as liabilities and are systematically recognised in the useful life statement of the assets to which they relate.

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

4.1. Significant accounting policies (continued)

Provisions

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

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

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

Restructuring provisions

The implied restructuring obligation arises if a company:

- has a detailed official restructuring plan in which the following are highlighted: the activity or part of the activity to which it refers, the main locations affected, the location, function and approximate number of employees who will receive compensation for the cessation of their activity, implicit expenses, the date on which the restructuring plan will be implemented

- generated a justified expectation for those affected that the restructuring will be carried out by starting the implementation of the respective restructuring plan or by communicating its main characteristics to those who will be affected by the restructuring process.

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

Provisions for employee benefits

Provisions for unused leave and other provisions according to employment contracts are recorded during the financial year. At the time of their recognition as debts to employees, the value of the provisions will be taken back through the corresponding income accounts.

The Group does not recognise a provision for operating losses.

Segment reporting

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

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

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

In the first half of 2025, the Group did not carry out licensed activities (electricity supply and production), with only the unlicensed segment remaining active. As a result, the segment-segregated presentation criteria set out in IFRS 8 are no longer met and segment-based financial reporting is not applicable for the reporting period.

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

4.2 Accounting judgments, estimates and assumptions

Dividends

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

Modification of the method of presenting the Statement of Cash Flows

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

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

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

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

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

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

The effect of the change related to the current period is recognized as income or expense in the current period. If it exists, the effect on future periods is recognised as income or expense in those future periods.

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

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

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

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

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

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

(all amounts are expressed in RON, unless otherwise specified)

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and land improvements	Construction	Technological equipment and vehicles	Other tangible assets	Tangible assets in progress	Prepayment for tangible assets	Total
As of December 31, 2024	**169,179,973**	**121,054,133**	**11,338,464**	**2,422,536**	**1,301,685**	**-**	**305,296,791**
Inflow	-	539,791	23,555	43,401	59,250		665,997
- of which: revaluation	-	-	-	-	-	-	-
- of which: transfers	-	539,791	-	31,886	-	-	571,677
Outflow	(4,267,778)	-	(169,960)	(4,184)	(571,677)	-	(5,013,599)
- from revaluation	-	-	-	-	-	-	-
- from transfers	-	-	-	-	(571,677)	-	(571,677)
As of June 30, 2025	**164,912,195**	**121,593,924**	**11,192,059**	**2,461,753**	**789,258**	**-**	**300,949,189**
Accumulated depreciation							
As of December 31, 2024	**-**	**-**	**(4,136,160)**	**(653,635)**	**-**	**-**	**(4,789,795)**
Depreciation of the year	(29,734)	(3,402,097)	(1,060,055)	(191,516)	-	-	(4,683,402)
Accumulated depreciation of outflows	-	-	77,954	2,758	-	-	80,712
As of June 30, 2025	**(29,734)**	**(3,402,097)**	**(5,118,261)**	**(842,393)**	**-**	**-**	**(9,392,485)**
Impairment adjustments							
As of December 31, 2024	**-**	**-**	**(2,123,795)**	**-**	**-**	**-**	**(2,123,795)**
Impairment adjustments recognised in profit or loss	-	-	-	-	-	-	-
Reversals of impairment adjustments recognised in profit or loss	-	-	-	-	-	-	-
As of June 30, 2025	**-**	**-**	**(2,123,795)**	**-**	**-**	**-**	**(2,123,795)**
Net book value							
As of December 31, 2024	**169,179,973**	**121,054,133**	**5,078,509**	**1,768,901**	**1,301,685**	**-**	**298,383,201**
As of June 30, 2025	**164,882,461**	**118,191,827**	**3,950,003**	**1,619,360**	**789,258**	**-**	**289,432,909**

(all amounts are expressed in RON, unless otherwise specified)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

(all amounts are expressed in RON, unless otherwise specified)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

As of June 30, 2025, property, plant and equipment decreased by 3% compared to December 31, 2024 mainly as a result of the depreciation during the reporting period and the sale of the 1,913 sqm courtyard and construction land, located in Bucharest, sector 5, Petre Ispirescu street no. 23-37.

Fair value of property, plant and equipment

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

The equipment was valued as of December 31, 2023 under the revenue approach, the DCF method. Taking into account that the inputs used in the valuation at 31 December 2023 did not change materially during 2024, the carrying amount of equipment at 31 December 2024 (fair value at 31 December 2023 minus accumulated depreciation) was considered to be an estimate of fair value at the reporting date.

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

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

	Level 1	Level 2	Level 3	Fair value at June 30 2025
Land and land improvements	-	-	164,179,973	164,179,973
Construction	-	-	118,191,827	118,191,827

	Level 1	Level 2	Level 3	Fair value at December 31 2024
Land and land improvements	-	-	169,179,973	169,179,973
Construction	-	-	121,054,133	121,054,133

There were no transfers between fair value levels in both 2024 and Semester 1, 2025.

6. INVESTMENT PROPERTY

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

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

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

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

	H1 2025	2024
Initial Balance	**24,903,878**	**23,569,292**
		1,334,586
Inputs of which:	-	1,334,586
- From fair value valuation	-	-
- Transfers	-	-
Outputs of which:	-	-
- from fair value measurement	-	-
- transfers	-	-
Final balance	**24,903,878**	**24,903,878**

(all amounts are expressed in RON, unless otherwise specified)

6. INVESTMENT PROPERTY (continued)

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

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

We specify that there are no restrictions imposed on the degree of realization of investment property or on the transfer of income and proceeds from disposal.

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

	Level 1	Level 2	Level 3	Fair value at June 30 2025
Investment property	-	-	24,903,878	24,903,878

	Level 1	Level 2	Level 3	Fair value at December 31 2024
Investment property	-	-	24,903,878	24,903,878

7. INTANGIBLE ASSETS

Intangible assets include computer programs, licenses and various software. They are amortized by the straight-line method.

In the statement of the financial position, they are presented at historical cost, less depreciation and any value adjustments. Intangible assets decreased mainly due to depreciation.

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

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

	Patents, licenses	Other intangible assets	Intangible assets in progress	Total
Cost				
As of December 31, 2024	**1,182,983**	**3,377,108**	**-**	**4,560,091**
Inflow	-	-	-	-
Outflow	(3,398)	(13,058)	-	(16,456)
Transfers	-	-	-	-
As of June 30, 2025	**1,179,585**	**3,364,050**	**-**	**4,543,635**
Accumulated depreciation				
As of December 31, 2024	**(1,181,984)**	**(3,017,870)**	**-**	**(4,199,854)**
Depreciation of the year	(133)	(98,055)	-	(98,188)
Cumulative depreciation of outflows	3,398	13,058	-	16,456
As of June 30, 2025	**(1,178,719)**	**(3,102,867)**	**-**	**(4,281,586)**
Net book value				
As of December 31, 2024	**999**	**359,238**	**-**	**360,237**
As of June 30, 2025	**866**	**261,183**	**-**	**262,049**

(all amounts are expressed in RON, unless otherwise specified)

8. RIGHTS OF USE ASSETS

	Buildings	Vehicles	Total
Cost			
As of December 31, 2024	**-**	**111,982**	**111,982**
Inflow	-	-	-
Outflow	-	(111,982)	(111,982)
As of June 30, 2025	**-**	**-**	**-**
Accumulated depreciation			
As of December 31, 2024	**-**	**(83,986)**	**(83,986)**
Depreciation of the year	-	(9,332)	(9,332)
Cumulative depreciation of outflows	-	93,318	93,318
As of June 30, 2025	**-**	**-**	**-**
Net book value			
As of December 31, 2024	**-**	**27,996**	**27,996**
As of June 30, 2025	**-**	**-**	**-**

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

	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Depreciation expense related to rights of use of leased assets	9,332	30,899
Interest on leasing liabilities	347	1,595
Expenses related to low-value leasing contracts	-	-
Total amounts recognised in the profit and loss account	**9,679**	**32,494**

9. OTHER NON-CURRENT ASSETS

	June 30 2025	December 31 2024
Customer performance guarantees	3,639,990	3,631,213
Long-term staggered trade receivables	433,212	1,062,244
Adjustments to depreciate long-term trade receivables*	(72,723)	(185,243)
Other long-term non-current assets	11,863	11,503
Total	**4,012,342**	**4,519,717**

*Long-term installment receivables in net amount of RON 360,489 as of June 30, 2025 have been updated to the present value, and the effect of the time value of the money was in the amount of RON 72,723. The current portion is recognised in trade receivables (Note 11).

(all amounts are expressed in RON, unless otherwise specified)

10. INVENTORIES

	June 30 2025	December 31, 2024
Raw materials	6,507,252	6,564,941
Consumables	1,514,912	1,615,365
Finished products	11,293,314	11,924,376
Products and services in progress	294,118	563,646
Other inventories	1,021,901	970,272
Minus adjustments for impairment of inventories	(15,673,820)	(14,330,237)
Total	**4,957,677**	**7,308,363**

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

The movement within the adjustments for the depreciation of inventories is as follows:

	H1 2025	2024
Balance at the beginning of the period	**(14,330,237)**	**(9,318,915)**
Impairment adjustment (expense)	(1,343,583)	(5,011,322)
Reversal Impairment Adjustment	-	-
Balance at the end of the period	**(15,673,820)**	**(14,330,237)**

The adjustments recorded during the reporting period refer to impairment adjustments for slow-moving inventories, based on management's best estimate.

The group has no inventories pledged on account of debts.

11. TRADE RECEIVABLES

	June 30 2025	December 31 2024
Trade receivables in Romania	17,410,784	21,288,480
Trade receivables in other countries	992,745	1,518,832
Minus impairment adjustments trade receivables	(9,175,166)	(9,874,114)
Total	**9,228,363**	**12,933,198**

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

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

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

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

(all amounts are expressed in RON, unless otherwise specified)

11. TRADE RECEIVABLES (continued)

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

	H1 2025	2024
Balance at the beginning of the period	**(9,874,114)**	**(13,136,105)**
Allowance for impairment	(819,316)	(1,812,898)
Reversal of allowance for impairment	1,518,264	5,074,889
Balance at end of the period	**(9,175,166)**	**(9,874,114)**

12. OTHER CURRENT ASSETS

	June 30 2025	December 31 2024
Debtors	64,054	2,548
Claim relating to expropriation of land	1,486,948	1,486,948
Prepayment expenses	1,330,284	254,224
Claim relating to the sale of land	2,911,223	-
Advances to suppliers	92,080	89,593
VAT recoverable	-	697,862
Other current assets	330,796	789,446
Total	**6,215,385**	**3,320,621**

Prepayment expenses in the amount of RON 1,330,284 mainly represent payments made in advance for local taxes (buildings and land), insurance premiums and subscriptions related to future periods.

Other current assets mainly include amounts to be recovered from the health insurance fund in the amount of RON 298,044.

13. CASH AND CASH EQUIVALENTS

	June 30 2025	December 31 2024
Cash in the cashier	25,002	11,907
Cash in banks	90,622,976	75,692,787
Cash equivalents	170,267	-
Total	**90,818,245**	**75,704,694**

Availabilities with banks contain short-term deposits (with an initial maturity of less than 3 months) on June 30, 2025 in the amount of RON 89,315,057 (December 31, 2024: RON 74,373,912).

In 2024, the Group has set up a collateral deposit in the amount of RON 10,000,000, intended for the issuance of bank guarantees. In April 2025, the value of this collateral deposit was reduced by RON 9,782,292, and as of June 30, 2025, the remaining balance is RON 217,708. This amount is presented in the Separate Statement of Financial Position, under "Deposits placed with banks", as it represents a deposit with a maturity of more than 3 months.

14. SHARE CAPITAL

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

(all amounts are expressed in RON, unless otherwise specified)

14. SHARE CAPITAL (continued)

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

	June 30, 2025		December 31, 2024	
Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
INFINITY CAPITAL INVESTMENTS S.A.	442,465,466	65.4497	442,465,466	65.4497
Individuals	218,071,863	32.2573	212,498,105	31.4328
Legal entities	15,501,375	2.2930	21,075,133	3.1174
Total	**676,038,704**	**100**	**676,038,704**	**100**

At Electromagnetica's OGMS on December 19, 2024, the Company approved a buyback program of its own shares.

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

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

15. RESERVES AND OTHER EQUITY ITEMS

Legal reserve

	H1 2025	2024
Balance at the beginning of the period	**12,563,942**	**12,563,922**
Increases	-	20
Diminutions	(22,000)	-
Balance at end of period*	**12,541,942**	**12,563,942**

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

The revaluation reserves amount to RON 188,037,183 as of June 30, 2025. The decrease is related to the transfer to retained earnings, as a result of the depreciation of revalued fixed assets and their sale.

	H1 2025	2024
Balance at the beginning of the period	**194,148,177**	**147,390,995**
Revaluation increases	-	55,198,510
Diminutions	(6,110,994)	(8,441,328)
Balance at the end of the period	**188,037,183**	**194,148,177**

(all amounts are expressed in RON, unless otherwise specified)

15. RESERVES AND OTHER EQUITY ITEMS (continued)

As of June 30, 2025, the Group recorded *other reserves and equity items* amounting to RON 48,793,086, of which its own sources of financing represent 98%.

	H1 2025	2024
Balance at the beginning of the period	**48,193,085**	**81,371,341**
Increases	-	-
Diminutions	(7,407,144)	(33,178,256)
Balance at the end of the period	**40,785,941**	**48,193,085**

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

16. RETAINED EARNINGS

As of June 30, 2025, the retained earnings amounted to RON 110,439,372, being influenced by the transfer of revaluation reserves related to depreciated or disposed assets, the accounting loss recorded in the first half of 1 2025 and the coverage of the accounting loss for the year ended December 31, 2024 through the use of reserves.

17. PROVISIONS

Name	Balance January 1, 2025	Provision entries	Provision reversals	Balance June 30 2025
Provision for performance guarantees to customers	1,952,556	-	-	1,952,556
Provision for employee benefits	294,678	-	(140,032)	154,646
Provision for disputes with employees	264,298	55,418	(78,231)	241,485
TOTAL	**2,511,532**	**55,418**	**(218,263)**	**2,348,687**

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

The provision for employee benefits refers to the value of the annual leave not taken in the previous year.

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

18. TRADE AND OTHER PAYABLES

Current trade payables	June 30 2025	December 31 2024
Domestic commercial liabilities	1,188,627	1,176,808
Foreign trade liabilities	64,759	10,631
Estimated commercial liabilities	1,988,659	4,078,630
Current other liabilities		
Advances received from customers	1,055,839	2,024,991
Salaries and social insurance	905,147	1,666,638
Advance income	1,049,545	1,011,532
Other liabilities	3,212,246	3,179,546
Total	**9,464,822**	**13,148,776**

(all amounts are expressed in RON, unless otherwise specified)

18. TRADE AND OTHER PAYABLES (continued)

Trade debts and other long-term liabilities amount to RON 1,723,132 (December 31, 2024: RON 1,717,399). These debts are related to the guarantees received from tenants under long-term contracts.

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

The Group does not have significant commercial debts.

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

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

As of June 30, 2025, the Group has a non-cash guarantee agreement in the amount of RON 217,708 for the issuance of letters of guarantee. Their situation is presented in Note 29 of these financial statements.

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

The guarantees received from tenants and those withheld from suppliers on June 30, 2025 are worth RON 2,357,390 and will be regularized according to the contractual clauses.

	Total	Under one year	In a year
Guarantees received on 30.06.2025	2,357,390	634,258	1,723,132
Guarantees received on 31.12.2024	2,333,977	616,579	1,717,398

Lease debts are presented under current and long-term debts. Their total value is 207,068 RON (Note 8).

19. GROUP AS LESSOR

The Group has entered into operational leases for its real estate investment portfolio consisting of certain office and production buildings. These leases have terms ranging from 1 to 10 years.

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

The minimum future rents to be collected under the operational leasing contracts on June 30, 2025 and December 31, 2024 are as follows:

	June 30 2025	December 31, 2024
- 1 year	11,793,247	11,556,044
-between 1 and 2 years	8,675,612	8,227,345
-between 2 and 3 years	5,005,623	4,198,915
-over 3 years	6,681,634	4,129,214

(all amounts are expressed in RON, unless otherwise specified)

20. REVENUE

REVENUE FROM CUSTOMER CONTRACTS	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Revenue from the production of electricity from renewable sources and from the supply of electricity	-	16,946,194
Revenue from sales of finished goods, goods, and others	3,149,883	19,853,531
Revenue from services rendered	1,531,576	2,830,804
TOTAL REVENUE FROM CUSTOMER CONTRACTS	**4,681,459**	**39,630,529**
RENTAL REVENUE *	**12,135,538**	**11,814,469**
TOTAL REVENUE	**16,816,997**	**51,444,998**

*Revenue from rental activity includes income from rents, maintenance fees and other services.

The timing of revenue recognition from customer contracts

	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Goods and services transferred at a point in time	3,149,883	19,853,531
Goods and services transferred over time	13,667,114	31,591,467
Total Revenue	**16,816,997**	**51,444,998**

The disaggregation of revenues at the product level is:

	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Electric Vehicle Charging Stations	1,322,361	2,834,997
Electrical equipment	-	8,284,288
Traffic safety elements CFR	1,809,853	2,965,806
Plastic Injections & Molds	877,882	4,610,448
LED lighting fixtures and services	503,752	3,857,860
Others	167,611	130,936
TOTAL PRODUCTION	**4,681,459**	**22,684,335**

OTHER NET INCOME AND EXPENSES	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Income from green certificates	-	609,959
Income/(expenses) related to provisions	(306,377)	(3,118,314)
Income from subsidies	-	81,609
Net income/(expenses) from the sale of property, plant and equipment	(442,752)	961
Other net income / (expenses)	118,935	38,541
TOTAL NET INCOME / (EXPENSES)	**(630,194)**	**(2,387,244)**

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

(all amounts are expressed in RON, unless otherwise specified)

21. EXPENSES

	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Material expenses		
- Expenditure on raw materials and consumables	294,119	9,430,088
- Expenditure on goods	366,675	16,178,149
- Expenditure on energy, water, gas	3,369,630	3,708,340
Total raw materials and consumables used	**4,030,424**	**29,316,577**
Employee benefits expenses	**6,812,187**	**15,939,696**
Other expenses		
- Postal and telecommunications expenses	160,378	197,142
- Maintenance and repair expenses	421,417	113,461
- Rental expenses	111,679	56,377
- Advertising and protocol expenses	32,766	22,014
- Insurance expenses	201,353	319,155
- Transportation and travel expenses	41,284	370,261
- Expenses other taxes and fees	1,416,867	850,703
- Expenses with consultants and collaborators	428,518	822,973
- Expenses with green certificates	-	962,873
- Other operating expenses	3,529,741	4,183,291
Total other expenses	**6,344,003**	**7,898,250**
Depreciation and amortization expenses	**4,790,922**	**5,425,705**
Total expenses	**21,977,536**	**58,580,228**

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

22. FINANCIAL EXPENSES and FINANCIAL INCOME

Financial expenses	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Leasing interest expenses	347	1,161
Interest expenses	11,343	-
Expenses with exchange rate differences	40,641	55,221
Other financial expenses	6,033	3,165
Total financial expense	**58,364**	**59,547**

Financial income	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Interest income	2,458,560	730,478
Income with exchange rate differences	48,700	57,520
Other financial income	8,157	8
Total financial income	**2,515,417**	**788,006**

(all amounts are expressed in RON, unless otherwise specified)

23. INCOME TAX

Income tax recognised in profit or loss:

	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Current income tax		
Current income tax expenses	151,138	88,346
Deferred income tax		
Deferred tax income	(1,257,182)	(1,000,282)
Deferred tax expenses	265,480	-
Total income tax expense/(income)	**(840,564)**	**(911,936)**

Reconciliation of pre-tax profit to income tax expense in the income statement:

Indicator	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Profit/(Loss) before tax	**(4,234,270)**	**(10,692,911)**
Tax applied at the local rate (16%)	(677,483)	(1,710,866)
Effect of non-deductible expenses	1,229,875	867,007
Effect of non-taxable income	(507,060)	-
Other elements	(885,896)	(68,077)
Total income tax expense/(income)	**(840,564)**	**(911,936)**

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

As of June 30, 2025, the total current income tax receivable is RON 1,613,427 (December 31, 2024: RON 1,676,704).

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

	Initial Balance January 1 2025	Recognised in profit or loss account (income)/ Expense	Recognised in other comprehensi ve income	Ending Balance June 30 2025
Property, plant and equipment	33,622,192	(942,682)	-	32,679,510
Adjustment of non-current assets	(339,807)	-	-	(339,807)
The time-value effect of money (receivables)	(105,967)	28,066	-	(77,901)
Value adjustments receivables	(1,579,858)	111,832	-	(1,468,026)
Inventory value adjustments	(2,292,838)	(214,973)	-	(2,507,811)
Employee benefits	(89,436)	26,055	-	(63,381)
TOTAL	**29,214,286**	**(991,702)**	**-**	**28,222,584**

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

(all amounts are expressed in RON, unless otherwise specified)

24. AVERAGE NUMBER OF EMPLOYEES

The average number of employees evolved as follows:

	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Group	85	308
Electromagnetica S.A.	85	263

	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Employee expenses, including contributions and taxes	6,812,187	15,939,696
of which, expenses with the AC allowances	328,635	309,103

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

25. RELATED PARTY TRANSACTIONS

As of June 30, 2025 and December 31, 2024, respectively, the Group had no related parties outside the subsidiaries included in the consolidation. Balances and transactions with them have been eliminated for the purpose of preparing consolidated financial statements.

The Group has no contractual obligations to the former directors and administrators and has not granted advances or loans to the current directors and administrators. The Group has no future obligations in the nature of guarantees on behalf of the directors.

26. EARNINGS PER SHARE

	Period of 6 months ended June 30 2025	Period of 6 months ended June 30 2024
Net profit attributable to shareholders of the parent company	(3,404,688)	(9,794,410)
Weighted average number of common shares outstanding	676,038,704	676,038,704
Basic earnings per share (net earnings per share)	**(0.0050)**	**(0.0145)**

During the reporting period, there were no changes in the share capital structure of the Parent Company.

27. R ECLASSIFICATIONS

As part of the presentation of the consolidated financial statements, certain amounts previously presented for the 6-month period ended June 30, 2024 were reclassified, with no impact on the net result for the period. These reclassifications were carried out to ensure a better reflection of the nature of the transactions and a clearer presentation of the Group's separate statement of profit and loss and other comprehensive income items.

	Note	Period of 6 months completed on 30 June 2024 *Reported	Reclassificati ons	Period of 6 months ended June 30, 2024 *reclassified
Investment income		464,809	(464,809)	-
Other net income and expenses	20	(1,228,404)	(1,158,840)	(2,387,244)
Employee benefits expenses	21	(15,630,503)	(309,193)	(15,939,696)
Other expenses	21	(9,014,288)	1,116,038	(7,898,250)
Financial income	22	-	788,006	788,006
Financial expenses	22	(88,345)	28,798	(59,547)
Profit / (Loss) of the period		**(9,780,975)**	**-**	**(9,780,975)**

(all amounts are expressed in RON, unless otherwise specified)

28. RISK MANAGEMENT

General risk management framework

The Board of Directors of the parent company has overall responsibility for establishing and overseeing the risk management framework at group level.

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

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

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

Risk management policies have the following objectives:

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

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

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

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

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

Capital Risk Management

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

The Group monitors capital on the basis of indebtedness. This indicator is calculated as the ratio between the net debt and the total capital employed. Net debt is calculated as the sum of total loans (includes leasing debt under IFRS 16) and total suppliers and other liabilities (as shown in the statement of financial position) minus cash and cash equivalents. Total capital employed is determined as the sum of net debt and equity (as presented in the financial position).

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

	June 30 2025	December 31 2024
Total long-term and short-term liabilities	41,966,293	46,850,905
Without: Cash and cash equivalents	(90,818,245)	(75,704,694)
Total	**(48,851,952)**	**(28,853,789)**
Equity	**389,695,690**	**393,129,000**
Debt ratio	***(0.1254)***	***(0.0734)***

(all amounts are expressed in RON, unless otherwise specified)

28. RISK MANAGEMENT (continued)

Market risk

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

Currency risk management

The Group is exposed *to currency risk* due to the supply of materials mainly from imports and export activities. In order to limit the effect of foreign exchange rates, the payment schedule was correlated with that of foreign currency receipts, the Group usually achieving a cash flow surplus. The Group continuously monitors and manages exposure to exchange rate fluctuations.

The Group's exposure to currency risk results from:

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

The foreign currencies most often used in transactions are EUR and USD.
Foreign currency assets are represented by customer receivables and available in foreign currency. Debts in foreign currency are represented by debts to suppliers.

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

Currency in which they are denominated	**EUR**	**USD**	**Other currencies**	**Total**
Functional currency	**RON**	**RON**	**RON**	**RON**
June 30, 2025	**EUR**	**USD**	**Other currencies**	**Total**
Total monetary assets	2,153,891	87,453	86,293	2,327,637
Total monetary liabilities	64,759	-	-	64,759
December 31, 2024	**EUR**	**USD**	**Other currencies**	**Total**
Total monetary assets	1,787,473	97,163	86,654	1,971,290
Total monetary liabilities	10,631	-	-	10,631

Exchange rate sensitivity analysis

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

Denomination currency	**EUR**	**USD**
Functional currency	**RON**	**RON**
Exchange rate change	+/- 10%	+/- 10%
June 30, 2025		
Profit and loss statement	208,913	8,745
Other equity	-	-
December 31, 2024		
Profit and loss statement	177,684	9,716
Other equity	-	-

This analysis shows the exposure to the risk of translation at the end of the reporting period. However, the exposure during the year is continuously monitored and managed by the group.

28. RISK MANAGEMENT (continued)

Interest rate risk management

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

As of June 30, 2025 and during the first half of 2025, the Group did not take out loans.

Credit risk management

Credit risk consists in the possibility that the contracting parties breach their contractual obligations, leading to financial losses for the Group.
Exposure to credit risk results mainly from operational activities, in particular trade receivables, as well as other bank receivables and deposits.

Claims

Trade receivables come from a wide range of clients operating in various fields of activity and in different geographical areas. Policies were contracted to insure claims on the foreign market. Due to the increased incidence of insolvency cases in the economy, there is a concrete risk regarding the recovery of the value of the products and/or services provided prior to the declaration of insolvency. The group aims to pay increased attention to the creditworthiness and financial discipline of the contractual partners. The Group wants to adopt the policy of trading only with trusted partners and to obtain sufficient guarantees where appropriate, in order to minimize the risk of financial losses resulting from non-compliance.

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

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

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

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

- determining an appropriate observation period to track the historical loss rate. The group selected 2 previous periods ended on 31 December 2024 and 31 December 2023 for data collection;
- collecting data on trade receivables and grouping them according to their maturity in each analyzed period and by main activities;
- analysing the evolution of these balances over a period of 12 months and determining the outstanding amounts in each outstanding group in order to determine the proportion of balances in each maturity category that have not been finally collected;
- determination of the weighted average loss rate (%) according to the maturity status for the 2 analyzed periods;
- This rate will be applied to determine the impairment loss of trade receivables on 30 June 2025.

Following the analysis of receivables according to the methodology presented above, the Group did not identify a risk of non-payment for outstanding receivables with maturities of less than 90 days.

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

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

(all amounts are expressed in RON, unless otherwise specified)

28. RISK MANAGEMENT (continued)

Credit risk management (continued)

Receivables (continued)

Current trade receivables			**June 30 2025**
Time limits	**Hips**	**Depreciation expense**	**Estimated loss rate (%)**
Current (no expiry date)	5,160,337	-	0%
1 – 30 days	877,218	-	0%
31 – 60 days	381,098	-	0%
61 – 90 days	463,596	-	0%
Total receivables analysed globally	**6,882,249**	**-**	**0%**
Receivables from licensed activities	12,304	(12,304)	100%
Receivables from unlicensed activities with state authorities (municipalities)	2,285,216	(1,319,078)	58%
Other receivables 90-180 days	1,093,442	-	0%
Other receivables over 180 days	3,447,075	(3,160,541)	92%
Uncertain receivables	4,683,243	(4,683,243)	100%
Total receivables analysed individually	**11,521,280**	**(9,175,166)**	**80%**
Total	**18,403,529**	**(9,175,166)**	**50%**

Current trade receivables			**December 31 2024**
Time limits	**Hips**	**Depreciation expense**	**Estimated loss rate (%)**
Current (not past due)	5,871,226	-	-
1 – 30 days	790,547	(31,275)	4%
31 – 60 days	159,283	(31,275)	20%
61 – 90 days	258,758	(31,275)	12%
Total receivables analysed globally	**7,079,814**	**(93,825)**	**1%**
Receivables from licensed activities	2,255,450	(12,304)	1%
Receivables from unlicensed activities with state authorities (municipalities)	3,844,485	(1,015,554)	26%
Other receivables 90-180 days	277,856	(93,825)	34%
Other receivables over 180 days	3,976,760	(3,285,659)	83%
Uncertain receivables	5,372,947	(5,372,947)	100%
Total receivables analysed individually	**15,727,498**	**(9,780,289)**	**62%**
Total	**22,807,312**	**(9,874,114)**	**43%**

Financial instruments and deposits

The credit risk resulting from transactions with banks is managed by the specialized department within the Group. Investing excess liquidity is done only at solid banks in the domestic banking system.

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

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

(all amounts are expressed in RON, unless otherwise specified)

28. RISK MANAGEMENT (continued)

Credit risk management (continued)

Receivables (continued)

Below is the situation of receivables and debts according to maturity:

	June 30 2025	0 - 1 year	1 - 2 years	2 - 5 years	Across 5 years
Trade and other receivables	21,069,517	17,057,175	4,012,342	-	-
Trade and other liabilities	11,395,022	9,508,540	1,435,475	311,604	139,403
Net position	**9,674,495**	**7,548,635**	**2,576,867**	**(311,604)**	**(139,403)**

	December 31 2024	0 - 1 year	1 - 2 years	2 - 5 years	Across 5 years
Trade and other receivables	22,450,240	17,930,523	4,453,060	66,657	-
Trade and other liabilities	15,125,087	13,407,688	616,392	921,302	179,705
Net position	**7,325,153**	**4,522,835**	**3,836,668**	**(854,645)**	**(179,705)**

Categories of financial instruments

Financial assets (amortized cost)	June 30 2025	December 31 2024
Short and long-term trade receivables	21,069,517	22,450,240
Cash and cash equivalents	90,818,245	75,704,694
Total	**111,887,762**	**98,154,934**

Financial payables (amortized cost)	June 30 2025	December 31 2024
Trade and other liabilities	11,187,954	14,866,175
Short and long-term lease liabilities	207,068	258,912
Total	**11,395,022**	**15,125,087**

Leasing debts

Balance as of December 31, 2024	**258,912**
Inputs	-
Interest expense	11,690
Interest payments	(11,690)
Lease payments	(51,844)
Balance as of June 30, 2025	**207,068**

29. COMMITMENTS AND POTENTIAL LIABILITIES

Commitments

As of June 30, 2025, the Parent Company has a non-cash guarantee agreement in the amount of RON 217,708 for the issuance of letters of guarantee (December 31, 2024: RON 10,000,000). In order to guarantee this non-cash agreement, the Parent Company constituted a movable mortgage on the collateral deposit, in the amount of RON 217,708.

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

(all amounts are expressed in RON, unless otherwise specified)

29. COMMITMENTS AND POTENTIAL LIABILITIES (continued)

Litigation

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

30. SUBSEQUENT EVENTS

- ***Deregistration of the subsidiary of Electromagnetica Prestserv S.R.L.***

On July 11, 2025, the Trade Register Office issued the Conclusion no. 580841 on the admission of the request for deregistration of the subsidiary Electromagnetica Prestserv S.R.L. The deregistration was carried out in accordance with the applicable legal provisions, and the deregistered company will also be removed from the records of the National Agency for Fiscal Administration.

- ***Resolutions of the Ordinary and Extraordinary General Meetings of Shareholders of Procetel S.A. of 21.07.2025***

On July 21, 2025, the Extraordinary and Ordinary General Meeting of Shareholders of Procetel S.A. was held, during which the liquidation balance sheet was approved on 31.03.2025.

- ***Subscription of bonds issued by PK Development Holding S.A.***

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

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

The bonds are secured by a first-rank mortgage on a shopping center ("Mall Moldova") and adjacent buildings, owned by Ermes Holding S.R.L. and two promissory notes issued in blank by the issuer.

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

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

The simplified interim consolidated financial statements were approved by the management on **August 17, 2025**:

GEORGE – ALIN ȘTEFAN	**GÂRZU MARIA**
General Director	**Chief Accountant**

(all amounts are expressed in RON, unless otherwise specified)

ECONOMIC AND FINANCIAL INDICATORS IN ACCORDANCE WITH WITH ANNEX 13° OF ASF REGULATION 5/2018

Name of the indicator	Calculation formula	H1 2025	H1 2024
Current liquidity	Current Assets/Current Liabilities	9.53	4.28
Indebtedness	Long-term borrowed capital/Equity x 100	0.05	0.08
	Long-term borrowed capital/Committed capital x 100	0.05	0.08
Turnover speed of customer flows (days)	Average customer balance/Turnover x 180	118.6	102.7
Turnover speed of fixed assets	(Turnover / 180 x 360)/Fixed assets	0.11	0.33

Note:

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

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

3. **Customer Flow Rate Turnover Speed** expresses the effectiveness of the Company in collecting its receivables, respectively the number of days until the date on which the debtors pay their debts to the Company.

4. **Asset turnover speed** expresses the effectiveness of the management of fixed assets, by examining the turnover generated by a certain amount of fixed assets.

GEORGE – ALIN ȘTEFAN	**GÂRZU MARIA**
General Director	**Chief Accountant**

SOCIETATE COMERCIALA PE ACTIUNI ELECTROMAGNETICA

STATEMENT

We hereby confirm that, from our point of view, the half-yearly financial and accounting statement, which has been prepared in accordance with the applicable accounting standards, provides a correct and consistent picture of the assets, obligations, financial position, profit and loss account of Electromagnetica S.A. and its subsidiaries included in the process of consolidating the financial statements, as well as that the half-yearly report of the Board of Directors correctly presents and complete information about Gruppo Electromagnetica S.A.

We also confirm that:

a) the accounting policies used to prepare the consolidated half-yearly financial statements as of June 30, 2025 are in accordance with the regulations in force;
b) The Group carries out its activity in conditions of continuity.

Daniela – Adi Cucu
Chairman of the Board of Directors

George – Alin Ștefan
Managing Director

Maria Alexandra Gârzu
Chief Accountant