



## **ELECTROMAGNETICA S.A.**

### **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

**Prepared in accordance with**

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

**and**

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

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
ELECTROMAGNETICA S.A.

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

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

#### Basis for Opinion

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

#### Key Audit Matters

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

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

#### Other Information

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

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

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

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

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

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

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

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

## **Other reporting responsibilities with respect to other information – Remuneration report**

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

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

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

## **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

15. We were appointed by the General Meeting of Shareholders on 18 April 2025 to audit the financial statements of ELECTROMAGNETICA S.A. for the financial year ended 31 December 2025. The uninterrupted total duration of our commitment is 10 years, covering the financial years ended 31 December 2016 until 31 December 2025.

#### **Report on the Information Regarding Income Tax**

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

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Group that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- No non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014 were provided.

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

#### **Report on compliance with the Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements ("Law 162/2017"), and Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")**

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

(I) *Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF*

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

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;
- the selection and application of appropriate iXBRL mark-ups;
- ensuring consistency between the Digital Files and the consolidated financial statements to be submitted in accordance with Order 2844/2016.

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

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

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

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

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

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

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

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

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

Răzvan Ungureanu, Audit Partner

*For signature, please refer to the original  
Romanian version.*

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

On behalf of:

**DELOITTE AUDIT SRL**

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

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

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

	Note	Period of 12 months ended December 31 2025	Period of 12 months ended December 31 2024
Revenue	20	29,266,489	97,670,343
Net result from the revaluation of investment property	6	(12,377,851)	1,334,586
Other net income and expenses	20	(685,141)	3,139,468
Variation in the inventory of finished products and production in progress		(1,443,584)	(2,447,031)
Expenses on raw materials and consumables	21	(4,172,770)	(56,061,510)
Employees benefits expenses	21,24	(9,443,081)	(26,257,762)
Depreciation and amortization expenses	21	(12,385,020)	(9,682,080)
Other expenses	21	(14,901,048)	(16,231,672)
Financial income	22	10,194,530	1,998,133
Financial expenses	22	(136,733)	(135,104)
<b>Profit / (Loss) before tax</b>		<b>(16,084,209)</b>	<b>(6,672,629)</b>
Corporate income tax	23	3,334,113	(4,321,350)
<b>Profit / (Loss) for the period</b>		<b>(12,750,096)</b>	<b>(10,993,979)</b>
<b>Other comprehensive income:</b>		<b>(54,535,111)</b>	<b>46,461,440</b>
<i>Items that will not be reclassified to profit or loss:</i>			
- Increases/(decreases) of the reserve from the revaluation of property, plant and equipment, net of tax		(54,535,111)	46,461,440
<b>Total comprehensive income</b>		<b>(67,285,207)</b>	<b>35,467,461</b>
<b>Profit / (Loss) of the attributable period:</b>			
Shareholders of the parent company		(12,681,608)	(11,065,339)
Non-controlling interests		(68,488)	71,360
<b>Basic/diluted earnings per share</b>	<b>26</b>	<b>(0.0188)</b>	<b>(0.0164)</b>

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

**GEORGE – ALIN ȘTEFAN**

**General Manager**

**MARIA GÂRZU**

**Chief Accountant**

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

	Note	December 31 2025	December 31 2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	56,167,055	298,383,201
Investment property	6	173,052,674	24,903,878
Intangible assets	7	163,894	360,237
Other non-current assets	9	2,851,070	4,519,717
Rights of use assets	8	-	27,996
<b>Total non-current assets</b>		<b>232,234,693</b>	<b>328,195,029</b>
<b>Current assets</b>			
Inventories	10	1,284,983	7,308,363
Trade receivables	11	6,559,303	12,933,198
Cash and cash equivalents	13	101,156,925	75,704,694
Deposits in banks	13	173,642	10,000,000
Other current assets	12	10,069,087	3,320,621
Assets classified as held for sale		-	841,296
Current income tax receivables	23	1,233,974	1,676,704
<b>Total current assets</b>		<b>120,477,914</b>	<b>111,784,876</b>
<b>Total assets</b>		<b>352,712,607</b>	<b>439,979,905</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	67,603,870	67,603,870
Reserves and other equity items	15	153,787,097	223,797,142
Retained earnings	16	103,732,098	101,385,735
<b>Total equity attributable to equity holders of the parent company</b>		<b>325,123,065</b>	<b>392,786,747</b>
<b>Non-controlling interests</b>		<b>273,765</b>	<b>342,253</b>
<b>Total equity</b>		<b>325,396,830</b>	<b>393,129,000</b>
<b>Long-term liabilities</b>			
Trade and other payables	18	2,893,237	1,717,399
Deferred income tax liabilities	23	15,369,118	29,214,286
Lease liabilities		139,819	187,608
<b>Total long-term liabilities</b>		<b>18,402,174</b>	<b>31,119,293</b>
<b>Current liabilities</b>			
Trade and other payables	18	7,456,223	13,148,776
Provisions	17	1,411,452	2,511,532
Lease liabilities		45,928	71,304
<b>Total current liabilities</b>		<b>8,913,603</b>	<b>15,731,612</b>
<b>Total liabilities</b>		<b>27,315,777</b>	<b>46,850,905</b>
<b>Total equity and liabilities</b>		<b>352,712,607</b>	<b>439,979,905</b>

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

**GEORGE – ALIN ȘTEFAN**

General Manager

**MARIA GÂRZU**

Chief Accountant

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

	Period of 12 months ended December 31 2025	Period of 12 months ended December 31 2024
<b>Profit/(loss) for the period</b>	<b>(12,750,096)</b>	<b>(10,993,979)</b>
<b>Adjustments for:</b>		
Net movement of provisions and impairment adjustments for:		
- inventories	4,417,995	5,011,322
- receivables	(957,819)	(3,261,991)
- employee benefits	(183,171)	(71,460)
- provisions for warranties	(916,909)	1,177,556
Depreciation and amortization of non-current assets, including reversals	8,579,564	8,431,626
Income from subsidiaries	-	(3,920,652)
Revaluation of property, plant and equipment and investment property	16,183,307	(84,132)
Net gains on disposal of non-current assets	(1,262,088)	(1,169,524)
Loss on derecognition of property, plant and equipment	700,466	-
Interest expense	22,518	12,503
Interest income	(9,651,874)	(1,905,780)
Deferred tax expense (income)	(3,900,493)	4,183,024
Corporate income tax expense	566,380	138,326
<b>Cash generated by operating activities before changes in working capital</b>	<b>847,780</b>	<b>(2,453,161)</b>
Payments for deposits made over a period of more than 3 months	-	(10,000,000)
Receipts from deposits made over a period of more than 3 months	9,826,358	-
(Increase)/decrease in inventories	1,605,385	6,434,304
(Increase)/decrease in receivables and other assets	7,270,559	27,883,657
Increase/(decrease) of liabilities	(1,899,569)	(10,852,575)
Corporate income tax paid	(170,608)	(117,198)
<b>Net cash from operating activities</b>	<b>17,479,905</b>	<b>10,895,027</b>
<b>Cash flows from investment activities</b>		
Purchase of tangibles assets	(79,489)	(1,412,612)
Proceeds from the sale of tangibles assets	3,504,595	33,627,439
Interest accrued	9,646,630	1,905,780
<b>Net cash used in investment activities</b>	<b>13,071,736</b>	<b>34,120,607</b>
<b>Cash flows from financing activities</b>		
Payments related to the guarantee of the share buyback plan	(5,000,000)	-
Repayment of lease liability	(70,039)	(144,466)
Interest paid	(22,518)	(12,503)
Dividends paid	(6,853)	(42,150)
<b>Net cash used in financing activities</b>	<b>(5,099,410)</b>	<b>(199,119)</b>
<b>Net increase/(decrease) of cash and cash equivalents</b>	<b>25,452,231</b>	<b>44,816,515</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>75,704,694</b>	<b>30,888,179</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>101,156,925</b>	<b>75,704,694</b>

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

**GEORGE – ALIN ȘTEFAN**

**General Manager**

**MARIA GÂRZU**

**Chief Accountant**

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

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

	Share capital	Retained earnings	Reserves from the revaluation of property, plant and equipment, net of deferred tax	Other elements	Legal reserves	Non-controlling interests	Total equity
<b>Balance as of January 01, 2025</b>	<b>67,603,870</b>	<b>101,385,735</b>	<b>163,040,115</b>	<b>48,193,085</b>	<b>12,563,942</b>	<b>342,253</b>	<b>393,129,000</b>
<b>Comprehensive income for the financial year:</b>							
Profit or loss for the financial year	-	(12,681,608)	-	-	-	(68,488)	(12,750,096)
<b>Other comprehensive income:</b>	<b>-</b>	<b>15,474,934</b>	<b>(62,580,901)</b>	<b>(7,407,144)</b>	<b>(22,000)</b>	<b>-</b>	<b>(54,535,111)</b>
Surplus / (decrease) net from revaluation of property, plant and equipment, net of deferred tax	-	-	(54,535,111)	-	-	-	(54,535,111)
Transfer of reserve from revaluation to retained earnings	-	8,041,851	(8,041,851)	-	-	-	-
Transfer of other reserves to deferred earnings	-	25,939	(3,939)	-	(22,000)	-	-
Coverage of accumulated losses from reserves	-	7,407,144	-	(7,407,144)	-	-	-
<b>Total comprehensive income for the financial year:</b>	<b>-</b>	<b>2,793,326</b>	<b>(62,580,901)</b>	<b>(7,407,144)</b>	<b>(22,000)</b>	<b>(68,488)</b>	<b>(67,285,207)</b>
Other elements	-	(446,963)	-	-	-	-	(446,963)
<b>Balance as of December 31, 2025</b>	<b>67,603,870</b>	<b>103,732,098</b>	<b>100,459,214</b>	<b>40,785,941</b>	<b>12,541,942</b>	<b>273,765</b>	<b>325,396,830</b>

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

**GEORGE – ALIN ȘTEFAN**

**General Manager**

**MARIA GÂRZU**

**Chief Accountant**

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

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

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Revaluation reserves of property, plant and equipment</u>	<u>Other elements</u>	<u>Legal reserves</u>	<u>Deferred tax recognised in reserves</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>Balance as of January 01, 2024</b>	<b>67,603,870</b>	<b>71,976,006</b>	<b>147,390,995</b>	<b>81,371,341</b>	<b>12,563,942</b>	<b>(23,515,508)</b>	<b>392,409</b>	<b>357,783,055</b>
<b>Comprehensive income for the financial year:</b>								
Profit or loss for the financial year	-	(11,065,339)	-	-	-	-	71,360	(10,993,979)
<b>Other comprehensive income:</b>	<b>-</b>	<b>40,475,068</b>	<b>46,757,182</b>	<b>(33,178,256)</b>	<b>-</b>	<b>(7,592,554)</b>	<b>-</b>	<b>46,461,440</b>
Net surplus from revaluation of property, plant and equipment	-	-	55,198,510	-	-	-	-	55,198,510
Deferred tax result related to revaluation	-	-	-	-	-	(8,737,070)	-	(8,737,070)
Establishment of legal reserve and other reserves	-							
Transfer of revaluation reserve to retained earnings as a result of depreciation and write-down of revalued property, plant and equipment	-	8,441,328	(8,441,328)	-	-	-	-	-
Transfer of tax related to reserve from revaluation to retained earnings	-	(1,144,516)	-	-	-	1,144,516	-	-
Coverage of accumulated losses from reserves	-	33,178,256	-	(33,178,256)	-	-	-	-
<b>Total comprehensive income for the financial year:</b>	<b>-</b>	<b>29,409,729</b>	<b>46,757,182</b>	<b>(33,178,256)</b>	<b>-</b>	<b>(7,592,554)</b>	<b>71,360</b>	<b>35,467,461</b>
Dividends distributed	-	-	-	-	-	-	(121,516)	(121,516)
Other elements	-	-	-	-	-	-	-	-
<b>Balance as of December 31, 2024</b>	<b>67,603,870</b>	<b>101,385,735</b>	<b>194,148,177</b>	<b>48,193,085</b>	<b>12,563,942</b>	<b>(31,108,062)</b>	<b>342,253</b>	<b>393,129,000</b>

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

**GEORGE – ALIN ȘTEFAN**

**General Manager**

**MARIA GÂRZU**

**Chief Accountant**

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

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

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**1. GENERAL INFORMATION ABOUT THE GROUP**

**Electromagnetica S.A. – the parent company** is a joint stock company, with Romanian legal personality, with unlimited lifespan, which is organized and operates according to the statute and based on Law no. 31/1991 as well as Law no. 24/2017 on issuers of financial instruments and market operations and Regulation no. 5/2018 on issuers of financial instruments and market operations.

The parent company has its registered office in Bucharest, Calea Rahovei nr. 266-268, sector 5, Bucharest, Romania, postal code 64021, telephone 021.404.21.01, 021.404.21.02, fax 021.404.21.95, [website www.electromagnetica.ro](http://www.electromagnetica.ro), unique registration code RO 414118, registration number with the Trade Register J1991000019408.

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

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

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

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

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

On July 21, 2025, the Extraordinary and Ordinary General Meeting of Shareholders of Procetel S.A. was held, during which the balance sheet for the beginning of liquidation on 31.03.2025 was approved. As of 31.12.2025, the trial was ongoing.

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

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

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

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

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

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

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**1. GENERAL INFORMATION ABOUT THE GROUP (continued)**

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

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

**December 31, 2025**

<b>Subsidiary name</b>	<b>Number of shares</b>	<b>Ownership and voting rights (%)</b>
Procetel S.A.	42,483	96.548%

**December 31, 2024**

<b>Subsidiary name</b>	<b>Number of shares</b>	<b>Ownership and voting rights (%)</b>
Electromagnetica Prestserv S.R.L.	300	100%
Electromagnetica Fire S.R.L.	800	100%
Procetel S.A.	42,483	96.548%

**2. BASICS OF PREPARATION**

**Declaration of conformity**

The consolidated financial statements of the Electromagnetica Group together with its subsidiaries have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") in force on the reporting date of the parent company, respectively December 31, 2025 and in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications. These provisions correspond to the requirements of the International Financial Reporting Standards, adopted by the European Union.

The financial statements are available on the website [www.electromagnetica.ro](http://www.electromagnetica.ro) within the applicable legal deadline.

**Basis of preparation**

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

**Basis of consolidation**

The Group records the accounting records in RON and prepares its consolidated financial statements in accordance with IFRS.

The consolidated financial statements include the financial statements of Electromagnetica S.A. (the parent company) and entities controlled by Electromagnetica S.A. (together the "Group"). Control is obtained when the Company has control over the entity in which it has invested, when it has exposure or rights to variable results based on its participation in the entity in which it has invested, and has the ability to use its authority over the entity in which it has invested to influence the value of results.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive results from the effective date of the acquisition or until the effective date of disposal, as the case may be.

Where necessary, adjustments are made to the financial statements of the subsidiaries to align their accounting policies with those applied by the parent company.

All intra-group transactions, balances, revenues and expenses were fully eliminated on consolidation.

**ELECTROMAGNETICA S.A.**  
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## **2. BASICS OF PREPARATION (continued)**

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the value of those interests at the date of the initial business combination and the minority share of changes in equity at the date of the combination.

The Group will also attribute the total overall result to the owners of the parent company and to non-controlling interests, even if a deficit of non-controlling interests results.

### **Business continuity principle**

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

### **Functional and presentation currency**

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

### **Foreign currency**

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

Conversion differences are shown in your profit or loss account.

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

	<b>December 31 2025</b>	<b>December 31 2024</b>
Closing EUR exchange rate	5.0985	4.9741
Closing USD exchange rate	4.3417	4.7768

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

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

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

The effect of the change in the current period is recognised as income or expenditure in the current period. If any, the effect on future periods is recognised as income or expense in those future periods.

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

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

By their nature, unforeseen situations will only be clarified when one or more future events occur or not. The assessment of these situations inherently involves the use of significant assumptions and estimates about the occurrence and outcome of future events.

**ELECTROMAGNETICA S.A.**  
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**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

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

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

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

At the date of approval of these financial statements, the Group has not applied the following amended IFRS accounting standards that have been issued by the IASB and adopted by the EU, but have not yet entered into force.

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

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

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

<b>Accounting Standard</b>	<b>Title</b>	<b>Status of EU adoption</b>
IFRS 18	Disclosures and Disclosures in Financial Statements (IASB Effective Date: January 1, 2027)	Not yet adopted by the EU
IFRS 19 as amended	Non-public liability subsidiaries: information to be provided (effective date set by the IASB: January 1, 2027)	Not yet adopted by the EU
Amendments to IAS 21	Transition to a hyperinflationary presentation currency (effective date set by the IASB: January 1, 2027)	Not yet adopted by the EU
IFRS 14	Deferral accounts for regulated activities (effective date set by the IASB: 1 January 2016)	The European Commission has decided not to start the approval process of this interim standard and to wait for the final standard.
Amendments to IFRS 10 and IAS 28	Sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (effective date has been deferred indefinitely by the IASB, but early application permitted)	The approval process was postponed indefinitely until the completion of the research project on the equivalence method.

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

Risk hedging accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Group's estimates, the use of hedging accounting for the risks of a portfolio of financial assets and liabilities in accordance with IAS 39: Financial Instruments: Recognition and Measurement would not materially affect the financial statements if applied at the balance sheet date.

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

**BRIEF DESCRIPTION OF NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS**

- **IFRS 18 Presentation and Disclosures in Financial Statements** issued by the IASB on April 9, 2024 will replace IAS 1 Presentation of Financial Statements. The standard introduces three sets of new requirements for companies to improve their financial performance reporting and to give investors a better basis for analysing and comparing companies. The main changes in the new standard compared to IAS 1 relate to: (a) the introduction of categories (operating, investment, financing, corporate income tax and discontinued transactions) and sub-totals defined in the statement of profit or loss; (b) introducing requirements to improve aggregations and disaggregations; (c) the introduction of information on Performance Measures Determined by Management (MPCs) in the notes to the financial statements.
- **IFRS 19 Non-Public Liability Subsidiaries: Disclosures to Be Provided** issued by the IASB on May 9, 2024 and amended by the IASB on August 21, 2025. The standard allows subsidiaries to provide restricted information when applying IFRS Accounting Standards in financial statements. IFRS 19 is optional for eligible subsidiaries and sets out disclosure requirements for subsidiaries that choose to apply it.
- **Amendments to IAS 21 Effects of Foreign Exchange Rate Changes – Lack of Convertibility** issued by the IASB on August 15, 2023. The amendments contain guidance for entities to indicate when a currency is convertible and how to determine the exchange rate when it is not convertible.
- **Amendments to IAS 21 Effects of Exchange Rate Changes: Transition to a Hyperinflationary Presentation Currency** issued by the IASB on November 13, 2025. The amendments clarify how companies need to move from a non-hyperinflationary currency to a hyperinflationary currency in their financial statements.
- **Amendments to IFRS 9 and IFRS 7 - Amendments to the classification and measurement of financial instruments** issued by the IASB on May 30, 2024. The amendments clarify the classification of financial assets that have environmental, social, corporate governance (ESG) and similar characteristics. The amendments also clarify the date on which a financial asset or liability is derecognised and introduce additional disclosure requirements with respect to investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have contingent characteristics.
- **Amendments to IFRS 9 and IFRS 7 – Contracts Relating to Electricity Dependent on Natural Conditions** issued by the IASB on 18 December 2024. The own use requirements in IFRS 9 are amended to include factors that an entity must take into account when applying IFRS 9:2.4 to contracts for the purchase and supply of renewable electricity for which the source of electricity generation depends on natural conditions. The hedging accounting provisions of IFRS 9 are amended to allow an entity applying for a renewable electricity contract that is dependent on natural conditions specified as a hedging element to designate a variable volume of projected electricity transactions as the hedged instrument if certain criteria are met and to measure the hedged using the same volume assumptions as those used for the hedging element. The amendments to IFRS 7 and IFRS 19 will introduce disclosure requirements on electricity contracts dependent on natural conditions with certain specified characteristics.
- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 – Annual Improvements to IFRS Accounting Standards – Volume 11** issued by the IASB on July 18, 2024. These amendments include clarifications, simplifications, corrections and amendments in the following areas: (a) the hedging accounting adopted by an entity adopting the standards for the first time (IFRS 1); (b) the gain or loss on disposal (IFRS 7); (c) the presentation of the deferred difference between fair value and the trading price (IFRS 7); (d) the introduction and presentation of credit risk information (IFRS 7); (e) the removal of leasing liabilities from the register by the lessee (IFRS 9); (f) the trading price (IFRS 9); (g) the establishment of a 'de facto representative' (IFRS 10); (h) the cost-based method (IAS 7).
- **IFRS 14 Deferral Accounts for Regulated Activities** issued by the IASB on January 30, 2014. The purpose of this standard is to allow entities that are adopting IFRS for the first time, and that are currently recognising deferral accounts related to regulated activities under previous generally accepted accounting policies, to continue to do so when they transition to IFRS.
- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures- Sale of or contribution of assets between an investor and its associates or joint ventures**, issued by the IASB on September 11, 2014. The amendments resolve the contradiction between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, gains or losses are recognised when the assets sold or contributed represent an undertaking.

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**4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

**4.1. Significant accounting policies**

The main accounting policies are presented below:

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

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

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

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

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

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

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

The group classifies all other debts as long-term.

**Fair Value**

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

Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

With regard to valuation techniques, they are appropriate taking into account the circumstances for which sufficient data are available for fair value measurement, maximising the use of observable input data and minimising the use of unobservable input data.

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

**4.1. Significant accounting policies (continued)**

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

- Level 1 inputs – are prices quoted (unadjusted) in active markets for identical assets and liabilities to which the entity has access at the valuation date. This data provides the most reliable proof of fair value and should be used whenever available;
- Level 2 inputs – are entry data other than the quoted prices included in level 1 that are directly or indirectly observable for the asset or debt (e.g. quoted prices for the same or similar assets or liabilities in non-active markets);
- Level 3 inputs – this is unobservable input data for the asset or liability. The Group shall develop unobservable input data based on the best information available in the circumstances, data which may include the company's own data.

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

External appraisers are involved in the valuation of property, plant and equipment and investment property. This involvement is determined annually by the Finance Department. The selection criteria include the appraiser's market knowledge, reputation, independence and whether professional standards are met.

**Revenue from customer contracts**

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

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

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

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

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

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

The Group also takes into account that the condition of the returned goods may be much different from that at the time of delivery, and there is even a risk that the goods may not be able to be used further. Under these circumstances, the value of the recognised asset will have to be made at the book value of the goods at the time of sale, reduced by any other depreciation in value or costs necessary for their recovery. The Group will assess and adjust accordingly, at the date of preparation of the financial statements, the expected level of returns and the related repayment debt, modifying the level of income accordingly.

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

**4.1. Significant accounting policies (continued)**

The value of the recognised asset will change whenever the value of the liability changes or there are indications that there is a depreciation in value. If the entity cannot estimate the level of returns, revenue will not be recognised until the date on which the estimate can reasonably be made, which may correspond to the end of the period in which the customer is entitled to return.

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

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

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

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

**Income from other sources**

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

The income from the rental of premises is recognized in the statement of profit or loss on a straight-line basis, during the duration of the lease.

**Dividends and interest**

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

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

**Leasing**

*Group as lessee*

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

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

For these leasing contracts, the Group recognises payments as operating expenses on a straight-line basis over the term of the lease.

The Electromagnetica Group classifies as leasing contracts those aimed at renting spaces. As the lease is carried out for periods of one year or more, they are treated in accounting on a unitary basis by recognising a right to use the asset and a leasing debt.

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

*Leasing liability*

At the start date of the lease agreement, the Group recognises the lease liabilities, valued at the present value with the marginal loan rate of the lease payments, over the term of the lease agreement. Payments include fixed payments minus any incentives to receive, variable lease payments that depend on an index or rate, and amounts expected to be paid as residual value.

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

**4.1. Significant accounting policies (continued)**

**Leasing (continued)**

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

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

- a. fixed payments (including fixed payments in the fund), minus any leasing incentives to receive;
- b. variable leasing payments that depend on an index or rate, initially measured on the basis of the index or rate from the date of commencement;
- c. the expected amounts owed by the lessee based on guarantees related to the residual value;
- d. the exercise price of a call option if the lessee has reasonable certainty that he will exercise the option; and
- e. payments of the lease termination penalties, if the duration of the lease reflects the lessee's exercise of an option to terminate the lease.

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

The Group revalues the liability arising from the lease agreement by updating the revised lease payments using a revised discount rate, where either:

- a. there is a change in the duration of the leasing contract. The Group determines revised lease payments based on a revised lease term; or
- b. there is a change in the measurement of an option to call the underlying asset, measured in light of the events and circumstances described in IFRS 16 in the context of a call option.
- c. The Group determines the revised lease payments to reflect the change in amounts due under the purchase option.

The Group shall reassess the liability arising from the lease agreement by updating the revised lease payments in any of the following situations:

- a. there is a change in the amounts expected to be due in accordance with the residual value guarantee. The Group determines the revised lease payments to reflect the change in the amounts expected to be due in accordance with the residual value guarantee.
- b. there is a change in future lease payments that results from a change in an index or rate used to determine those payments, including, for example, a change that reflects changes in market rates of rents as a result of a revision of market rents. The lessee must revalue the debt arising from the lease agreement to reflect those revised lease payments only when there is a change in cash flows (i.e. when the adjustment of lease payments occurs). The Group determines the revised lease payments for the remainder of the term of the lease on the basis of the revised contractual payments.

*Right to use assets*

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

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

**4.1. Significant accounting policies (continued)**

**Leasing (continued)**

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

<b>Right to use assets</b>	<b>Amortization period (years)</b>
Spaces	1-5
Means of transport	3-5

*Group as lessor*

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

All leases are recognized as operating leasing.

Rental income from operational leasing contracts is recognised on a straight-line basis over the term of the respective lease.

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

**Borrowing costs**

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

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

Interest expenses are recorded using the effective interest method.

During the year ended December 31, 2025 and December 31, 2024 respectively, the Group did not capitalize interest expenses in the value of assets, as it did not take out any investment loans.

**Employee benefits**

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

The Group makes payments on behalf of its employees to the Romanian state pension system, health insurance and unemployment fund, in the course of normal activity. All employees of the group are members and have the obligation to contribute to the pension system of the Romanian state. All related contributions are recognised in the statement of profit or loss for the period when they are made. The group has no other additional obligations. Short-term benefit obligations granted to employees are not updated and are recognized in the statement of profit or loss as the related service is provided.

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

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

The group does not currently grant benefits in the form of employee profit sharing.

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

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

**4.1. Significant accounting policies (continued)**

**Taxation**

*Current corporate income tax*

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

*Deferred tax*

The deferred tax is constituted by analyzing the temporary differences of assets and debts.

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

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

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

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

Deferred corporate tax claims and liabilities are presented net if this right exists and when they relate to the same entities and if they are due to the same tax authority.

*Current and deferred tax*

Current and deferred tax are recognised in the Statement of Profit or Loss unless they relate to items that are recognised in *Other comprehensive income* or directly in equity, in which case current and deferred tax are also recognised in *Other comprehensive income*, i.e. equity.

**Value Added Tax (VAT)**

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

- the situation in which the tax related to the acquisition of an asset or the provision of a service is not recoverable from the tax authority, in which case the VAT is recognised as part of the acquisition cost of the asset or service, as the case may be;
- the situation in which receivables and liabilities are recognised with VAT included, when the net amount to be paid or recovered from the tax authority is included in receivables or liabilities in *the Statement of Financial Position*.

**Property, plant and equipment**

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

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

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

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

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

**4.1. Significant accounting policies (continued)**

**Property, plant and equipment (continued)**

Land and buildings used in the production activity or for the supply of goods and services, or for administrative purposes are presented in *the Statement of Financial Position* at cost minus cumulative depreciation and amortization minus cumulative impairment losses.

If the cost of the land includes costs of decommissioning, removal, restoration, these costs are amortized during the period when benefits are obtained as a result of these costs.

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

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

Depreciation also begins when assets are available for use.

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

The land owned is not depreciated.

The residual value, the estimated useful life and the depreciation method shall be reviewed at the end of each reporting period, any changes therein being accounted for prospectively.

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

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

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

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

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

**Investment property**

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

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

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

**4.1. Significant accounting policies (continued)**

**Intangible assets**

*Intangible assets acquired separately*

Intangible assets with a finite life that are acquired separately are initially recognised at cost and are subsequently accounted for at cost minus cumulative depreciation and impairment loss. Damping is recognised linearly over their useful lives. The useful life for this group of fixed assets is between 3 and 5 years. Their useful life and depreciation method are reviewed at the end of each reporting period, with the effect that any changes to the estimates are accounted for on a prospective basis.

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

*Intangible assets generated internally - research and development expenses*

Expenditure on research activities shall be recognised as such during the period in which they were carried out.

An internally generated property, plant and equipment resulting from development (or the development stage of an internal project) is recognised if all of the following criteria have been demonstrated:

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

The initially recognised value for internally generated intangible assets is the sum of the costs incurred from the date on which the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible assets can be recognised, development expenses are recognised in profit or loss statement during the period in which they are realised.

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

*Derecognition of intangible assets*

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

**Impairment of tangible and intangible assets**

In order to determine whether a property, plant and plant or intangible asset measured at cost is impaired, the Group analyzes in accordance with IAS 36 to identify whether impairment indicators exist.

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

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

**4.1. Significant accounting policies (continued)**

**Impairment of tangible and intangible assets (continued)**

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

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

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

Impairment losses are recognized in the *Statement of Profit or Loss* under *Depreciation and amortization of fixed assets*.

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

**Major maintenance and repairs**

Capitalised costs of capital inspections and repairs are separate components of the corresponding assets or groups of assets. The capitalized costs of capital repairs are amortized using the depreciation method for the underlying asset until the next repair.

The costs of major repair activities include the cost of replacing assets or parts of assets, inspection costs and capital repair costs.

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

Inspection costs associated with major maintenance programs are capitalized and amortized until the next inspection. The costs of capital repair activities for micro-hydropower plants have also been capitalised. All other costs of current repairs and routine maintenance are recognised directly in the expenses.

**Inventories**

The Group recognises as inventories those assets that are:

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

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

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

For inventories of raw materials and materials, as well as for those of finished products, adjustments are made on the basis of the approved provisioning policy. The constitution and resumption of adjustments for the depreciation of inventories is made on statement of the profit or loss.

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

**4.1. Significant accounting policies (continued)**

**Advance expenses**

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

**Financial instruments**

Initial recognition and measurement

**i) Financial instruments**

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

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

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

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

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

**(ii) Financial assets**

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

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

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

**Cash and cash equivalents**

Cash and cash equivalents include highly liquid investments that are easily convertible into cash and are subject to an insignificant risk of change in value. Such an investment includes cash, cash balances at banks and short-term bank deposits with a maturity of up to 3 months.

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

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

**4.1. Significant accounting policies (continued)**

**Financial instruments (continued)**

***Other financial assets at amortised costs***

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

***Trade receivables and other receivables***

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

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

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

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

Professional management reasoning is particularly necessary for estimating value and coordinating future cash flows when determining impairment loss. These estimates are based on assumptions about several factors, and actual results may differ, leading to future changes in adjustments.

***Judgments and estimates***

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

**(iii) Financial liabilities**

The Group's financial liabilities comprise mainly commercial and other liabilities.

A financial debt is derecognised when the debt obligation is extinguished, cancelled or expires. When an existing financial debt is replaced by another from the same creditor under substantially different conditions, or the terms of an existing debt are substantially changed, such exchange or modification is treated as a derecognition of the original debt and the recognition of a new debt, and the difference between those book values is recognised in profit or loss.

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

**4.1. Significant accounting policies (continued)**

**Financial instruments (continued)**

***Loans and interest-bearing loans***

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

***Shareholder financing***

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

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

***Derivatives***

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

**Government subsidies**

According to IAS 20, government subsidies are recognized only when there is sufficient certainty that all the conditions attached to their award will be met and that the subsidies will be received. Subsidies that meet these criteria are presented as liabilities and are systematically recognised in the statement of profit or loss over the useful life of the assets to which they relate.

**Provisions**

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

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

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

***Restructuring provisions***

The default restructuring obligation arises if a company:

- has an official detailed restructuring plan in which the following are highlighted: the activity or part of the activity to which it refers, the main locations affected, the location, function and approximate number of employees who will receive compensation for the cessation of their activity, implicit expenses, the date on which the restructuring plan will be implemented
- generated a justified expectation for those affected that the restructuring will be carried out by starting the implementation of the respective restructuring plan or by communicating its main characteristics to those who will be affected by the restructuring process.

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

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

**4.1. Significant accounting policies (continued)**

**Provisions (continued)**

*Provisions for employee benefits*

Provisions for unused leave and other provisions under employment contracts are recorded during the financial year. At the time of their recognition as liabilities to employees, the amount of the provisions will be resumed through the corresponding income accounts.

The Group does not recognise provisions for operating losses.

**Segment reporting**

Considering that the shares of Electromagnetica SA are traded on the Bucharest Stock Exchange and that it applies IFRS, it is presented in the annual financial statements as well as in the interim reports made according to IAS 34 – Interim Financial Reporting, information about the business segments, their products and services and about the main customers.

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

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

In 2025, the Group did not carry out licensed activities (electricity supply and production), with only the non-licensed segment remaining active. As a result, the segment-separated reporting criteria of IFRS 8 are no longer met and the financial reporting by segments is not applicable for the reporting period.

**Dividend**

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

**4.2. Accounting judgments, estimates and assumptions**

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

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

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

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

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

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

**4.2. Accounting judgments, estimates and assumptions (continued)**

The Group's management considers that any differences from these estimates will not have a significant influence on the financial statements in the near future, the principle of prudence being applied to each estimate.

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

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

Property, plant and equipment is presented at revalued values in accordance with IAS 16 and investment property at fair values in accordance with IAS 40.

For inventories, adjustments are made based on management's estimates of net realizable value. The constitution and resumption of adjustments for the depreciation of inventories is made quarterly on the reporting dates on account of the profit or loss statement.

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

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**5. PROPERTY, PLANT AND EQUIPMENT**

Cost	Land and land improvements	Buildings	Technological equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Total
<b>As of December 31, 2024</b>	<b>169,179,973</b>	<b>121,054,133</b>	<b>11,338,464</b>	<b>2,422,536</b>	<b>1,301,685</b>	<b>305,296,791</b>
Inputs	133,202	599,423	124,063	64,170	59,250	980,108
- of which: revaluation	133,202	59,632	-	-	-	192,834
- of which: transfers	-	539,791	72,751	31,886	-	644,428
Outputs	(120,638,597)	(119,270,623)	(938,085)	(424,211)	(1,358,435)	(242,629,951)
- from the revaluation	(16,017,752)	(59,748,650)	-	-	-	(75,766,402)
- from transfer to investment property	(101,004,674)	(59,521,973)	-	-	-	(160,526,647)
- from transfers	-	-	-	-	(644,428)	(644,428)
<b>As of December 31, 2025</b>	<b>48,674,578</b>	<b>2,382,933</b>	<b>10,524,442</b>	<b>2,062,495</b>	<b>2,500</b>	<b>63,646,948</b>
<b>Accumulated depreciation</b>						
<b>As of December 31, 2024</b>	-	-	<b>(4,136,160)</b>	<b>(653,635)</b>	-	<b>(4,789,795)</b>
Depreciation of the year	(59,468)	(6,809,816)	(2,025,488)	(326,638)	-	(9,221,410)
Cumulative depreciation of outputs	59,468	6,809,816	518,605	419,697	-	7,807,586
- as a result of which the net value is determined	59,468	6,809,816	-	-	-	6,869,284
<b>As of December 31, 2025</b>	-	-	<b>(5,643,043)</b>	<b>(560,576)</b>	-	<b>(6,203,619)</b>
<b>Impairment adjustments</b>						
<b>As of December 31, 2024</b>	-	-	<b>(2,123,795)</b>	-	-	<b>(2,123,795)</b>
Impairment adjustments recognised in profit or loss	-	-	-	-	-	-
Reversals of impairment adjustments recognised in profit or loss	-	-	847,521	-	-	847,521
<b>As of December 31, 2025</b>	-	-	<b>(1,276,274)</b>	-	-	<b>(1,276,274)</b>
<b>Net book value</b>						
<b>As of December 31, 2024</b>	<b>169,179,973</b>	<b>121,054,133</b>	<b>5,078,509</b>	<b>1,768,901</b>	<b>1,301,685</b>	<b>298,383,201</b>
<b>As of December 31, 2025</b>	<b>48,674,578</b>	<b>2,382,933</b>	<b>3,605,125</b>	<b>1,501,919</b>	<b>2,500</b>	<b>56,167,055</b>

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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

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

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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

As of December 31, 2025, property, plant and equipment decreased by 81% compared to December 31, 2024. This decrease is mainly due to the reclassification from property, plant and equipment to investment property and the periodic revaluation of the Group's assets.

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

**Fair value of property, plant and equipment**

The Group's property, plant and equipment are represented by land and buildings machinery and equipment and furniture. The land, buildings and special constructions were assessed on 31 December 2025. The re-evaluation was carried out by an authorized appraiser, namely Darian DRS SA, a corporate member of ANEVAR.

Regarding the evaluation basis:

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

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

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

Thus, the Group's fixed assets were classified as tangible fixed assets held for the purpose of producing or supplying goods and services or for administrative purposes: land, buildings, special constructions owned by the company related to the locations, owned and operated by the Group.

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

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

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

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

- For offices – average monthly market rent (8.89 EUR/m<sup>2</sup>), occupancy rate (65%). A potential increase in these variables would cause the fair value of properties to increase, implying an even greater difference between the value of the property estimated by the revenue approach and the estimated value by the cost approach;
- Capitalization rate used in the property valuation model (for offices 10%) – a potential increase in this variable will generate a decrease in the fair value of the property estimated by the revenue approach and the estimated value by the cost approach.

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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

**Fair value of property, plant and equipment (continued)**

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<b>Fair value at December 31 2025</b>
Land and land improvements	-	-	48,674,578	48,674,578
Buildings	-	-	2,382,933	2,382,933

  

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<b>Fair value at December 31 2024</b>
Land and land improvements	-	-	169,179,973	169,179,973
Buildings	-	-	121,054,133	121,054,133

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

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

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

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

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

As of December 31, 2025, the revaluation decreases recorded totaled RON 75,766,402, while the revaluation surpluses amounted to RON 192,834. Revaluation decreases and surpluses were recognised either in the statement of profit or loss or in other comprehensive income, depending on the existence of a revaluation buffer on those assets.

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

*Impairment of property, plant and equipment*

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

**6. INVESTMENT PROPERTY**

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

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

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

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**6. INVESTMENT PROPERTY (continued)**

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

	<b>2025</b>	<b>2024</b>
<b>Initial balance</b>	<b>24,903,878</b>	<b>23,569,292</b>
Entries of which:	160,526,647	1,334,586
- fair value measurement	-	1,334,586
- transfers	160,526,647	-
Outputs of which:	12,377,851	-
- fair value measurement	12,377,851	-
- transfers	-	-
<b>Final balance</b>	<b>173,052,674</b>	<b>24,903,878</b>

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

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

In 2025, the revaluation of investment property generated a negative net result, representing an expense of RON 12,337,851, compared to 2024, when a positive net result (income) of RON 1,334,586 was recorded.

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value at December 31 2025</b>
Investment property	-	-	173,052,674	173,052,674
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value at December 31 2024</b>
Investment property	-	-	24,903,878	24,903,878

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

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

*The observable variables used are:*

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

*The unobservable variables are:*

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

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**7. INTANGIBLE ASSETS**

Intangible assets include software, licenses and various software. They are amortized by the linear method.

The statement of financial position is presented at historical cost, minus depreciation and any value adjustments. Intangible assets decreased mainly due to depreciation.

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

The situation of intangible assets as of December 31, 2025 is presented as follows:

	<u>Concessions, patents, licenses</u>	<u>Other intangible assets</u>	<u>Total</u>
<b>Cost</b>			
<b>As of December 31, 2024</b>	<b>1,182,983</b>	<b>3,377,108</b>	<b>4,560,091</b>
Inputs	-	-	-
Outputs	(3,398)	(14,453)	(17,851)
<b>As of December 31, 2025</b>	<b>1,179,585</b>	<b>3,362,655</b>	<b>4,542,240</b>
<b>Accumulated amortization</b>			
<b>As of December 31, 2024</b>	<b>(1,181,984)</b>	<b>(3,017,870)</b>	<b>(4,199,854)</b>
Depreciation of the year	(266)	(196,077)	(196,343)
Cumulative depreciation of outputs	3,398	14,453	17,851
<b>As of December 31, 2025</b>	<b>(1,178,852)</b>	<b>(3,199,494)</b>	<b>(4,378,346)</b>
<b>Net book value</b>			
<b>As of December 31, 2024</b>	<b>999</b>	<b>359,238</b>	<b>360,237</b>
<b>As of December 31, 2025</b>	<b>733</b>	<b>163,161</b>	<b>163,894</b>

	<u>Concessions, patents, licenses</u>	<u>Other intangible assets</u>	<u>Total</u>
<b>Cost</b>			
<b>As of December 31, 2023</b>	<b>1,236,393</b>	<b>3,397,126</b>	<b>4,633,519</b>
Inputs	213	-	213
Outputs	(53,623)	(20,018)	(73,641)
<b>As of December 31, 2024</b>	<b>1,182,983</b>	<b>3,377,108</b>	<b>4,560,091</b>
<b>Accumulated amortization</b>			
<b>As of December 31, 2023</b>	<b>(1,224,461)</b>	<b>(2,841,731)</b>	<b>(4,066,193)</b>
Depreciation of the year	(11,146)	(196,157)	(207,303)
Cumulative depreciation of outputs	53,623	20,018	73,641
<b>As of December 31, 2024</b>	<b>(1,181,984)</b>	<b>(3,017,870)</b>	<b>(4,199,854)</b>
<b>Net book value</b>			
<b>As of December 31, 2023</b>	<b>11,932</b>	<b>555,395</b>	<b>567,327</b>
<b>As of December 31, 2024</b>	<b>999</b>	<b>359,238</b>	<b>360,237</b>

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**8. RIGHTS OF USE ASSETS**

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
<b>COST</b>			
<b>As of December 31, 2024</b>	-	<b>111,982</b>	<b>111,982</b>
Inputs	-	-	-
Outputs	-	(111,982)	(111,982)
<b>As of December 31, 2025</b>	-	-	-
<b>CUMULATIVE DEPRECIATION</b>			
<b>As of December 31, 2024</b>	-	<b>(83,986)</b>	<b>(83,986)</b>
Depreciation of the year	-	(9,332)	(9,332)
Cumulative depreciation of outputs	-	93,318	93,318
<b>As of December 31, 2025</b>	-	-	-
<b>NET BOOK VALUE</b>			
<b>As of December 31, 2024</b>	-	<b>27,996</b>	<b>27,996</b>
<b>As of December 31, 2025</b>	-	-	-

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

	<u>2025</u>	<u>2024</u>
Depreciation expense related to rights of use of leased assets	9,332	53,136
Interest on lease liabilities	347	12,503
Expenditure related to low-value leases	-	-
<b>Total amounts recognised in the profit or loss statement</b>	<b>9,679</b>	<b>65,639</b>

As of December 31, 2025, leasing debts amounting to RON 185,747, of which short-term debts amounting to RON 45,928 and long-term liabilities amounting to RON 139,819.

As of December 31, 2024, the value of the leasing debts was RON 258,912 (RON 71,304 short-term and RON 187,608 long-term).

**9. OTHER NON-CURRENT ASSETS**

	<u>December 31 2025</u>	<u>December 31 2024</u>
Performance guarantees granted to customers	2,772,986	3,631,213
Long-term staggered trade receivables	69,492	1,062,244
Impairment adjustments for long-term staggered trade receivables	(3,271)	(185,243)
Other long-term non-current assets	11,863	11,503
<b>Total</b>	<b>2,851,070</b>	<b>4,519,717</b>

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**10. INVENTORIES**

	<b>December 31 2025</b>	<b>December 31 2024</b>
Raw materials	6,478,549	6,564,941
Consumables	1,511,037	1,615,365
Finished products	10,987,958	11,924,376
Products in progress	60,889	563,646
Other inventories	994,782	970,272
Minus inventory impairment allowances	<u>(18,748,232)</u>	<u>(14,330,237)</u>
<b>Total</b>	<b><u>1,284,983</u></b>	<b><u>7,308,363</u></b>

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

The movement in the inventory impairment adjustments is as follows:

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

Adjustments during the reporting period relate to impairment adjustments for slow-moving inventories based on management's best estimate.

The group has no pledged inventories on account of debts.

**11. NET TRADE RECEIVABLES**

	<b>December 31 2025</b>	<b>December 31 2024</b>
Trade receivables	16,059,048	22,807,312
Minus impairment adjustments trade receivables	<u>(9,499,745)</u>	<u>(9,874,114)</u>
<b>Total</b>	<b><u>6,559,303</u></b>	<b><u>12,933,198</u></b>

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

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

At the same time, the Group individually assesses impairment losses for receivables with a maturity of more than 90 days if there are indications of significant increases in credit risk. More information is presented in Note 27.

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

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**11. NET TRADE RECEIVABLES (continued)**

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

	<u>2025</u>	<u>2024</u>
<b>Balance at the beginning of the period</b>	<b>(9,874,114)</b>	<b>(13,136,105)</b>
Allowance for impairment (expense)	(2,620,674)	(1,812,898)
Reversal of allowance for impairment	2,995,043	5,074,889
<b>Balance at the end of the period</b>	<b>(9,499,745)</b>	<b>(9,874,114)</b>

**12. OTHER CURRENT ASSETS**

	<u>December 31 2025</u>	<u>December 31 2024</u>
Other receivables	63,917	2,548
Prepaid expenses	110,750	254,224
Advances to suppliers	90,031	89,593
The claim related to the expropriation of the land	1,416,422	1,486,948
Claim from the sale of land	3,001,290	-
VAT receivable	-	697,862
Guarantee related to the share buyback plan	5,000,000	-
Other current assets	386,677	789,446
<b>Total</b>	<b>10,069,087</b>	<b>3,320,621</b>

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

Other *current assets* mainly include amounts to be recovered from the health insurance fund in the amount of RON 336,720.

**13. CASH AND CASH EQUIVALENTS**

	<u>December 31 2025</u>	<u>December 31 2024</u>
Cash on hand	38,069	11,907
Cash in banks	101,118,856	75,692,787
<b>Total</b>	<b>101,156,925</b>	<b>75,704,694</b>

The group has no restricted cash on December 31, 2025 and December 31, 2024. Cash in banks contain short-term deposits: December 31, 2025: RON 100,395,243 (December 31, 2024: RON 74,373,912).

In 2024, the Group has set up a collateral deposit in the amount of RON 10,000,000, intended for the issuance of bank guarantees. It was presented in the Separate Statement of Financial Position, under "Deposits in banks", being a deposit with an investment period of more than 3 months. The balance of this collateral deposit as of December 31, 2025 is RON 173,642.

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**14. SHARE CAPITAL**

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

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

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

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

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

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

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

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

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

**15. RESERVES**

**Legal reserve**

	2025	2024
<b>Balance at the beginning of the period</b>	<b>12,563,942</b>	<b>12,563,942</b>
Increases	-	-
Decreases	(22,000)	-
<b>Balance at End of Period</b>	<b>12,541,942</b>	<b>12,563,942</b>

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**15. RESERVES (continued)**

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

During the reporting period, the legal reserve was not constituted.

*The reserves from the revaluation of property, plant and equipment net of deferred tax* are in the amount of RON 100,459,214 as of December 31, 2025. Compared to the balance at the beginning of the period, they decreased due to revaluation losses recognised during the year and transfers to retained earnings due to the amortisation of revalued assets and their disposal.

	<u>2025</u>	<u>2024</u>
<b>Balance at the beginning of the period</b>	<b>163,040,115</b>	<b>123,875,487</b>
Revaluation increases	-	46,461,440
Decreases	(62,580,901)	(7,296,812)
<b>Balance at the end of the period</b>	<b>100,459,214</b>	<b>163,040,115</b>

As of December 31, 2025, the Group recorded *other reserves and equity items* amounting to RON 40,785,941, of which its own sources of financing represent 99%.

	<u>2025</u>	<u>2024</u>
<b>Balance at the beginning of the period</b>	<b>48,193,085</b>	<b>81,371,341</b>
Increases	-	-
Decreases	(7,407,144)	(33,178,256)
<b>Balance at the end of the period</b>	<b>40,785,941</b>	<b>48,193,085</b>

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

**16. RETAINED EARNINGS**

As of December 31, 2025, the retained result from the transfer of net revaluation reserves related to amortized or decommissioned assets was RON 8,041,851.

**17. PROVISIONS**

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

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

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**17. PROVISIONS (continued)**

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

The provision for employee benefits refers to the amount of unused leave.

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

**18. TRADE AND OTHER PAYABLES**

	<u>December 31 2025</u>	<u>December 31 2024</u>
<b>Current trade payables</b>		
Trade payables	693,030	1,187,439
Accrued trade payables	2,216,784	4,078,630
<b>Other current payables</b>		
Advances received from customers	27,246	2,024,991
Salaries and social security	328,711	1,666,638
Deferred revenue	1,010,652	1,011,532
Other liabilities	3,179,800	3,179,546
<b>Total</b>	<u><b>7,456,223</b></u>	<u><b>13,148,776</b></u>

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

The Group has no outstanding commercial debts.

The group does not record any outstanding payments to employees and to the state budget, the amounts presented represent debts related to December 2025 and paid by the due date of January 2026.

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

As of December 31, 2025, the Parent Company has a non-cash guarantee agreement in the amount of RON 173,642, for the issuance of letters of guarantee. Their situation is presented in Note 28 of these financial statements.

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

The guarantees received from tenants and those withheld from suppliers on December 31, 2025 are worth RON 2,605,536 and will be regularized according to the contractual clauses.

	<u>Total</u>	<u>Less than a year</u>	<u>In a year</u>
Guarantees received on December 31, 2025	2,605,536	832,914	1,772,622
Guarantees received on December 31, 2024	2,333,977	616,579	1,717,398

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

Leasing liabilities are presented within current and long-term liabilities. Their total value is 185,747 RON (Note 8).

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**19. GROUP AS LESSOR**

The Group has concluded operating leases for its real estate investment portfolio consisting of certain office and production buildings (see Note 6). These lease agreements have terms ranging from 1 to 10 years.

All rental contracts include a clause to allow the rental fee to be reviewed on an annual basis, depending on prevailing market conditions. The lessee is also obliged to provide a residual value guarantee on the properties, so this covers the risks that the landlord has in case of any problems in collaboration with the tenants.

The rental income recognized by the Group during 2025 is RON 17,678,343 (2024: RON 17,017,576).

The future minimum rents to be collected under the non-revocable operational leasing contracts as of December 31, 2025 are as follows:

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

**20. REVENUE**

<b>REVENUE FROM CUSTOMER CONTRACTS</b>	<u>2025</u>	<u>2024</u>
Revenue from renewable electricity generation and electricity supply	-	35,740,732
Revenue from the sales of finished goods and merchandise (LED lighting fixtures, electric vehicle charging stations, plastic injection products and molds, low-voltage electrical equipment, railway traffic safety equipment)	3,479,178	33,436,366
Revenue from services (mainly system works and solutions for lighting and charging electric vehicles)	1,275,827	4,820,332
<b>TOTAL REVENUE FROM CUSTOMER CONTRACTS</b>	<b>4,755,005</b>	<b>73,997,430</b>
<b>REVENUE FROM RENTAL ACTIVITY*</b>	<b>24,511,484</b>	<b>23,672,913</b>
<b>TOTAL REVENUE</b>	<b>29,266,489</b>	<b>97,670,343</b>

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

<b>Timing of revenue recognition from contracts with customers</b>	<u>2025</u>	<u>2024</u>
Goods and services transferred at a time	3,479,178	33,436,366
Goods and services transferred over time	25,787,311	64,233,977
<b>Total revenue from customer contracts</b>	<b>29,266,489</b>	<b>97,670,343</b>

Most revenues are generated in Romania.

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**20. REVENUE (continued)**

The breakdown of revenues at the product level is:

	<b>2025</b>	<b>2024</b>
Electric vehicle charging stations	1,369,171	5,769,804
Electrical equipment	-	12,124,959
Traffic safety elements CFR	1,809,853	4,283,973
Plastic Injections & Molds	1,071,987	9,535,702
LED lighting fixtures and services	252,065	4,546,021
Others	251,929	1,996,239
<b>TOTAL PRODUCTION</b>	<b>4,755,005</b>	<b>38,256,698</b>

**OTHER NET INCOME AND EXPENSES**

	<b>2025</b>	<b>2024</b>
Income from Green Certificates	-	836,971
Net income/(expenses) related to provisions	(2,360,094)	(3,264,940)
Income from subsidies	-	3,920,652
Net income from the sale of property, plant and equipment	1,262,088	1,169,524
Other net income/(expenses)	412,865	477,261
<b>TOTAL</b>	<b>(685,141)</b>	<b>3,139,468</b>

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

**21. EXPENSES**

	<b>2025</b>	<b>2024</b>
<b>Expenses on raw materials and consumables</b>		
- Expenses with raw materials and consumables	347,325	14,278,187
- Expenditure on goods	373,432	34,325,524
- Energy, water, gas expenses	3,452,013	7,457,799
<b>Total expenses on raw material and consumables</b>	<b>4,172,770</b>	<b>56,061,510</b>
<b>Employee benefits expenses</b>	<b>9,443,081</b>	<b>26,257,762</b>
<b>Other expenses</b>		
- Postal and telecommunications expenses	302,300	360,282
- Maintenance and repair expenses	821,352	651,613
- Rent expenses	127,816	230,043
- Advertising and protocol expenses	41,394	84,359
- Insurance expenses	348,460	577,152
- Transportation and travel expenses	43,814	617,797
- Expenses, other taxes and fees	2,802,137	1,697,510
- Expenses with consultants and collaborators	1,229,473	1,509,066
- Expenses with green certificates	-	1,992,490
- Contribution to the Energy Transition Fund	-	110,313
- Other operating expenses	9,184,302	8,401,047
<b>Total other expenses</b>	<b>14,901,048</b>	<b>16,231,672</b>
<b>Depreciation and amortization expenses</b>		
- Depreciation expenses	9,427,085	10,022,509
- Impairment losses/(gains) and revaluation effects	2,957,935	(340,429)
<b>Total depreciation and amortization expenses</b>	<b>12,385,020</b>	<b>9,682,080</b>
<b>Total expenses</b>	<b>40,901,919</b>	<b>108,233,024</b>

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**22. FINANCIAL EXPENSES and INCOME**

<b>Financial expenses</b>	<b>2025</b>	<b>2024</b>
Interest expenses	22,518	12,503
Foreign exchange losses	94,094	116,013
Other financial expenses	20,121	6,588
<b>Total financial expenses</b>	<b>136,733</b>	<b>135,104</b>
<b>Financial income</b>	<b>2025</b>	<b>2024</b>
Interest income	9,651,874	1,905,780
Foreign exchange gains	534,499	92,345
Other financial income	8,157	8
<b>Total financial income</b>	<b>10,194,530</b>	<b>1,998,133</b>

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

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

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

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

**23. CORPORATE INCOME TAX**

Corporate income tax recognised in profit or loss:

	<b>2025</b>	<b>2024</b>
<b>Current Corporate Income Tax</b>		
Current Corporate Income Tax Expenses	566,380	138,326
<b>Deferred corporate income tax</b>		
Deferred tax income	(4,230,827)	(2,186,068)
Deferred tax expenses	330,334	6,369,092
<b>Total expense / (income) with corporate income tax</b>	<b>(3,334,113)</b>	<b>4,321,350</b>

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

<b>Indicator</b>	<b>2025</b>	<b>2024</b>
<b>Pre-tax profit/(loss)</b>	<b>(16,084,209)</b>	<b>(6,672,629)</b>
Tax applied at the local rate (16%)	(2,573,473)	(1,067,621)
Effect of non-deductible expenses	3,485,597	7,905,775
The effect of non-taxable income	(2,466,311)	(2,544,015)
Other elements	(1,779,926)	27,211
<b>Total Corporate Income Tax Expenditure/(Income)</b>	<b>(3,334,113)</b>	<b>4,321,350</b>

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**23. CORPORATE INCOME TAX (continued)**

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

As of December 31, 2025, the total current corporate income tax claim is RON 1,233,974 (December 31, 2024: RON 1,676,704).

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

	<b>Initial Balance 1 January 2025</b>	<b>Recognized in the statement of profit or loss (income)/ expense</b>	<b>Recognized in other comprehen sive income</b>	<b>Final balance December 31, 2025</b>
Property, plant and equipment and investment property	33,622,192	(3,523,956)	(9,944,675)	20,153,561
Adjustment of non-current assets	(339,807)	135,603	-	(204,204)
The time-value effect of money (receivables)	(105,967)	94,780	-	(11,187)
Value adjustments receivables	(1,579,858)	58,471	-	(1,521,387)
Inventory value adjustments	(2,292,838)	(706,879)	-	(2,999,717)
Employee benefits	(89,436)	41,488	-	(47,948)
<b>TOTAL</b>	<b>29,214,286</b>	<b>(3,900,493)</b>	<b>(9,944,675)</b>	<b>15,369,118</b>

	<b>Initial Balance January 1, 2024</b>	<b>Recognized in the statement of profit or loss (income)/ expense</b>	<b>Recognized in other comprehen sive income</b>	<b>Final balance December 31, 2024</b>
Property, plant and equipment	20,760,159	4,039,595	8,822,438	33,622,192
Adjustment of non-current assets	(594,349)	254,542	-	(339,807)
The time-value effect of money (receivables)	(185,525)	79,558	-	(105,967)
Value adjustments receivables	(2,101,776)	521,918	-	(1,579,858)
Inventory value adjustments	(1,568,815)	(724,023)	-	(2,292,838)
Employee benefits	(100,870)	11,434	-	(89,436)
<b>TOTAL</b>	<b>16,208,824</b>	<b>4,183,024</b>	<b>8,822,438</b>	<b>29,214,286</b>

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

**24. AVERAGE NUMBER OF EMPLOYEES**

The average number of employees evolved as follows:

	<b>2025</b>	<b>2024</b>
Group	60	235
Parent company	60	211

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

	<b>2025</b>	<b>2024</b>
Group	9,443,081	26,257,762
Parent company	9,442,162	25,297,143

The Group does not have a pension program for staff specifically contributing to the national pension program according to the legislation in force.

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## 25. RELATED PARTY TRANSACTIONS

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

### Remuneration of key personnel

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

	<u>2025</u>	<u>2024</u>
Salaries and wages of management	602,683	1,448,327
Management member Compensation	-	184,620
Board of Directors' benefits	681,644	625,511
<b>Total</b>	<b><u>1,284,327</u></b>	<b><u>2,258,458</u></b>

The Group has no contractual obligations towards the former directors and administrators and has not granted advances or loans to the current directors and administrators.

The Group has no future obligations of the nature of guarantees on behalf of the directors.

## 26. EARNINGS PER SHARE

### Basic earnings per share

During the reporting period, there were no changes in the share capital structure. Basic earnings per share represent the net profit (loss) attributed to ordinary shareholders of the parent company, relative to the weighted average of ordinary shares outstanding.

### Diluted earnings per share

For the calculation of diluted earnings per share, the Group adjusts the earnings attributable to ordinary shareholders of the parent company and the weighted average of shares outstanding with the effects of all potentially diluted ordinary shares.

For the years 2025 and 2024, the Group records basic earnings per share equal to diluted earnings per share, as there are no certain securities that allow them to be converted into ordinary shares at any time in the future.

## 27. RISK MANAGEMENT

### General Risk Management Framework

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

The activity is governed by the following principles:

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

The Board of Directors is also responsible for examining and approving the Group's strategic, operational and financial plan, as well as the corporate structure.

The Group's risk management policies are defined in such a way as to ensure the identification and analysis of the risks faced by the Group, the establishment of appropriate limits and controls, as well as the monitoring of risks and compliance with the established limits. Risk management policies and systems are reviewed regularly to reflect changes

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**27. RISK MANAGEMENT (continued)**

**Capital Risk Management (continued)**

market conditions and in the company's activities. The Group, through its training and management standards and procedures, aims to develop an orderly and constructive control environment, in which all employees understand their roles and obligations.

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

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

The group is exposed to the following risks:

**Capital Risk Management**

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

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

The indebtedness ratio as of December 31, 2025 was as follows:

	<b>December 31 2025</b>	<b>December 31 2024</b>
Total long-term and short-term liabilities	27,315,777	46,850,905
Without: Cash and cash equivalents	(101,156,925)	(75,704,694)
<b>Total</b>	<b>(73,841,148)</b>	<b>(28,853,789)</b>
<b>Equity</b>	<b>325,396,830</b>	<b>393,129,000</b>
<b><i>Indebtedness ratio</i></b>	<b>(0.2269)</b>	<b>(0.0734)</b>

**Market risk**

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

**Currency risk management**

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

The Group's exposure to foreign exchange risk results from:

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

The most commonly used foreign currencies in transactions are EUR and USD.

Foreign currency assets are represented by clients and available in foreign currency. Debts in foreign currency are represented by suppliers.

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**27. RISK MANAGEMENT (continued)**

**Currency Risk Management (continued)**

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

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

*Exchange rate sensitivity analysis*

An appreciation/(depreciation) of RON against EUR and USD, as indicated below, on 31 December, would increase/(decrease) profit or loss and equity by the amounts presented below (without the impact on corporate tax).

Denomination currency Functional currency	<u>EUR</u> RON	<u>USD</u> RON
Change in the exchange rate	+/- 10%	+/- 10%
<b>December 31, 2025</b>		
Profit or loss statement	9,468,447	8,758
Other equity	-	-
<b>December 31, 2024</b>		
Profit or loss statement	177,684	9,716
Other equity	-	-

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

**Interest Risk Management**

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

As of December 31, 2025 and during 2025, the Group did not contract loans.

**Credit risk management**

Credit risk consists in the possibility that the contracting parties breach their contractual obligations leading to financial losses for the Group. The Group is exposed to credit risk arising from its operational activities, in particular commercial activities (Note 11).

*Receivables*

Trade receivables come from a wide range of clients operating in various fields of activity. Due to the increased incidence of insolvency cases in the economy, there is a concrete risk regarding the recovery of the value of the products and/or services provided prior to the declaration of the state of insolvency. The Group aimed to pay greater attention to the creditworthiness and financial discipline of the contractual partners. The Group has adopted the policy of trading only with trusted partners and obtaining sufficient collateral where appropriate to minimize the risk of financial losses resulting from non-compliance.

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**27. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

*Receivables (continued)*

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

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

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

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

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

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

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

	<b>December 31, 2025</b>		
<b>Current trade receivables</b>	<b>Gross amount</b>	<b>Impairment allowance</b>	<b>Estimated loss rate (%)</b>
<b>Ageing</b>			
Current (no past due)	4,274,006	(99,460)	2%
1 – 30 days	949,974	(160,484)	17%
31 – 60 days	352,192	(71,499)	20%
61 – 90 days	178,014	(40,856)	23%
<b>Total receivables analysed globally</b>	<b>5,754,186</b>	<b>(372,299)</b>	<b>6%</b>
Receivables with state authorities (mayoralties)	2,956,420	(2,151,347)	73%
Other receivables 90-180 days	505,001	(251,482)	50%
Other receivables over 180 days	2,181,712	(2,062,888)	95%
Uncertain receivables	4,661,729	(4,661,729)	100%
<b>Total receivables analysed individually</b>	<b>10,304,862</b>	<b>(9,127,446)</b>	<b>89%</b>
<b>Total</b>	<b>16,059,048</b>	<b>(9,499,745)</b>	<b>59%</b>

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**27. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

*Receivables (continued)*

	December 31, 2024		
	Gross amount	Impairment allowance	Estimated loss rate (%)
<b>Current trade receivables</b>			
<b>Ageing</b>			
Current (no past due)	5,871,226	-	-
1 – 30 days	790,547	(31,275)	4%
31 – 60 days	159,283	(31,275)	20%
61 – 90 days	258,758	(31,275)	12%
<b>Total receivables analysed globally</b>	<b>7,079,814</b>	<b>(93,825)</b>	<b>1%</b>
Receivables for licensed activities	2,255,450	(12,304)	1%
Unlicensed activities receivables with the authorities of the state (mayoralities)	3,844,485	(1,015,554)	26%
Other receivables 90-180 days	277,856	(93,825)	34%
Other receivables over 180 days	3,976,760	(3,285,659)	83%
Uncertain receivables	5,372,947	(5,372,947)	100%
<b>Total receivables analysed individually</b>	<b>15,727,498</b>	<b>(9,780,289)</b>	<b>62%</b>
<b>Total</b>	<b>22,807,312</b>	<b>(9,874,114)</b>	<b>43%</b>

*Financial instruments and deposits*

The credit risk resulting from transactions with banks is managed by the specialized department within the Group. The investment of excess liquidity is made only in sound banks in the domestic banking system.

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

**Liquidity risk management**

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

Below is the situation of receivables and debts depending on maturity:

	December 31 2025	0 - 1 year	1 - 2 years	2 - 5 years	Over 5 years
Trade and other receivables	20,713,434	17,862,364	2,851,070	-	-
Trade and other liabilities	10,535,207	7,502,151	961,637	1,957,922	113,497
<b>Net position</b>	<b>10,178,227</b>	<b>10,360,213</b>	<b>1,889,433</b>	<b>(1,957,922)</b>	<b>(113,497)</b>
	December 31 2024	0 - 1 year	1 - 2 years	2 - 5 years	Over 5 years
Trade and other receivables	22,450,240	17,930,523	4,453,060	66,657	-
Trade and other liabilities	15,125,087	13,407,688	616,392	921,302	179,705
<b>Net position</b>	<b>7,325,153</b>	<b>4,522,835</b>	<b>3,836,668</b>	<b>(854,645)</b>	<b>(179,705)</b>

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

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**27. RISK MANAGEMENT (continued)**

**Liquidity risk management (continued)**

**Categories of financial instruments**

	<u>2025</u>	<u>2024</u>
<b>Financial assets (amortised cost)</b>		
Short and long-term trade receivables	20,713,434	22,450,240
Cash and cash equivalents	101,156,925	75,704,694
<b>Total</b>	<b><u>121,870,359</u></b>	<b><u>98,154,934</u></b>

	<u>2025</u>	<u>2024</u>
<b>Financial liabilities (amortized cost)</b>		
Trade and other liabilities	10,349,460	14,866,175
Short and long-term leasing debts	185,747	258,912
<b>Total</b>	<b><u>10,535,207</u></b>	<b><u>15,125,087</u></b>

**Leasing debts**

	<u>2025</u>	<u>2024</u>
<b>Balance at the beginning of the period</b>	<b><u>258,912</u></b>	<b><u>84,476</u></b>
Inputs	(3,126)	318,902
Lease payments	(70,039)	(144,466)
Interest expenses	22,518	12,530
Interest payments	(22,518)	(12,530)
<b>Balance at the end of the period</b>	<b><u>185,747</u></b>	<b><u>258,912</u></b>

**28. COMMITMENTS AND POTENTIAL LIABILITIES**

**Commitments**

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

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

*Disputes*

The disputes in which the Group is involved are of securities that are not likely to affect the financial stability of the Group. The Group manages disputes through its own legal department and through collaborations with specialized external partners.

**29. OTHERS**

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

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**30. SUBSEQUENT EVENTS**

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

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

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

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

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

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

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

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

**GEORGE – ALIN ȘTEFAN**

**General Manager**

**MARIA GĂRZU**

**Chief Accountant**