

ELECTROMAGNETICA S. A.  
ADMINISTRATORS' REPORT FOR 2023

- CONSOLIDATED STATEMENTS -  
March 21, 2024

according to the provisions of art.63 Law 24/2017, annex 15 to the Financial Supervisory Authority Regulation no. 5/2018 and the Bucharest Stock Exchange Code

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### 1. IDENTIFICATION DATA OF ELECTROMAGNETICA:

Company Name:	<b>Electromagnetica SA</b>
Registered Office:	<b>Bucharest, 5<sup>th</sup> district, Calea Rahovei no. 266-268, postal code 050912</b>
Phone number / Fax:	<b>021 404 21 02/ 021 404 21 95</b>
Unique registration no.	<b>414118</b>
Trade Registry number:	<b>J40/19 / 1991</b>
Regulated market:	<b>Bucharest Stock Exchange, Capital securities department, Shares, Premium category</b>
Market symbol:	<b>ELMA</b>
Number of shares:	<b>676.038.704</b>
Nominal value:	<b>0.1000 lei</b>
Share Capital:	<b>67,603,870. 40 lei</b>
LEI Code:	<b>254900MYW7D8IGEFRG38</b>

### 2. PRESENTATION AND HISTORY OF THE GROUP

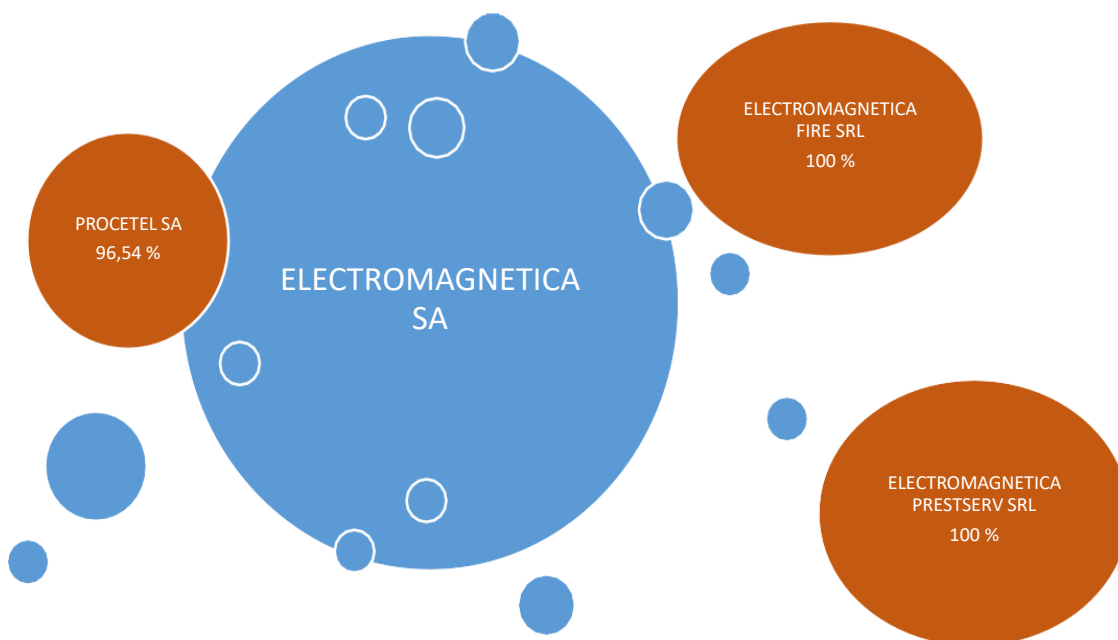
The parent company was founded in 1930, under the original name of "Standard Electrica Romana". As regards the other entities within the Group, they were established as follows:

**Procetel SA**- was established in 1991, having as main activity research and development in other natural sciences and engineering.

**Electromagnetica Prestserv SRL** - was established in 2003 by outsourcing cleaning services within ELMA;

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

### 3. GROUP STRUCTURE IN 2023:



## 4. OVERVIEW OF THE GROUP'S ACTIVITY

### 4.1. General presentation of Electromagnetica SA

Electromagnetica SA is a joint stock company, founded in 1930, with Romanian legal personality and unlimited lifetime, which is organized and operates according to the statute and on the basis of Law no. 31/1990 republished, in compliance with the legislation on the capital market and Law no. 24/2017 on issuers of financial instruments and market operations.

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

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

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

### 4.2. Overview of subsidiaries

**Procetel SA** is a joint stock company with headquarters in Calea Rahovei 266-268, Bucharest, 5<sup>th</sup> district, trade registry number J40 / 10437 / 1991, Unique registration number 406212, phone number: 031.700.2614, fax: 031.700.2616, having as main activity research and development in other natural sciences and engineering (NACE code 7219). Currently, the company's revenues come mostly from the rental business, but the company also provides sales, assembly and service of air conditioning. Electromagnetica SA's holding in Procetel SA is 96.54% of the capital. The company is managed by a sole administrator, Mr. Cristian-Iulian Radu, with mandate from 29.12.2023 until 22.08.2026.

**Electromagnetica Prestserv SRL** is a limited liability company with headquarters in Calea Rahovei 266-268, 5<sup>th</sup> district, Building 1, 2<sup>nd</sup> floor, axes A-B, poles 1-2, registered at the Trade Register Office attached to the Bucharest Court with no. J40 / 1528 / 2003, Unique registration number 15182750, which provides cleaning services. Electromagnetica SA owns 100% of the company's capital. The company is managed starting with 15.12.2023 by a sole administrator, in the person of Mr. Cristian - Iulian RADU.

**Electromagnetica Fire SRL** is a limited liability company with headquarters in Calea Rahovei No. 266-268, 5<sup>th</sup> district, Building 2, ground floor, axes R-D, poles 6 - 7, registered with the Trade Register Office attached to the Bucharest Court with no. J40 / 15634 / 2006, Unique registration number 19070708, which carries out activities in the field of fire defense, fire prevention and extinguishing technical assistance and private emergency services on civil protection. Electromagnetica SA owns 100% of the share capital. The company is managed by a sole administrator, in the person of Mr. Cristian-Iulian RADU, with mandate from 15.12.2023 until 19.04.2026.

## 5. MERGERS, REORGANIZATIONS AND LIQUIDATIONS OF SUBSIDIARIES IN 2023

The group of companies within which Electromagnetica SA is a parent company consists of Procetel SA, Electromagnetica Fire SRL and Electromagnetica Prestserv SRL, these mainly representing outsourcing of some services.

In 2023 there were no mergers, reorganizations and liquidations of Electromagnetica SA subsidiaries.

## 6. TRANSACTIONS OF THE PARENT COMPANY WITH RELATED PARTIES

Sales of goods and services to subsidiaries, totaling 721,845 lei, include deliveries of various materials, rents and utilities. Purchases from subsidiaries, totaling 4,715,567 lei, mainly include services (repairs, cleaning and transportation services, fire protection and security).

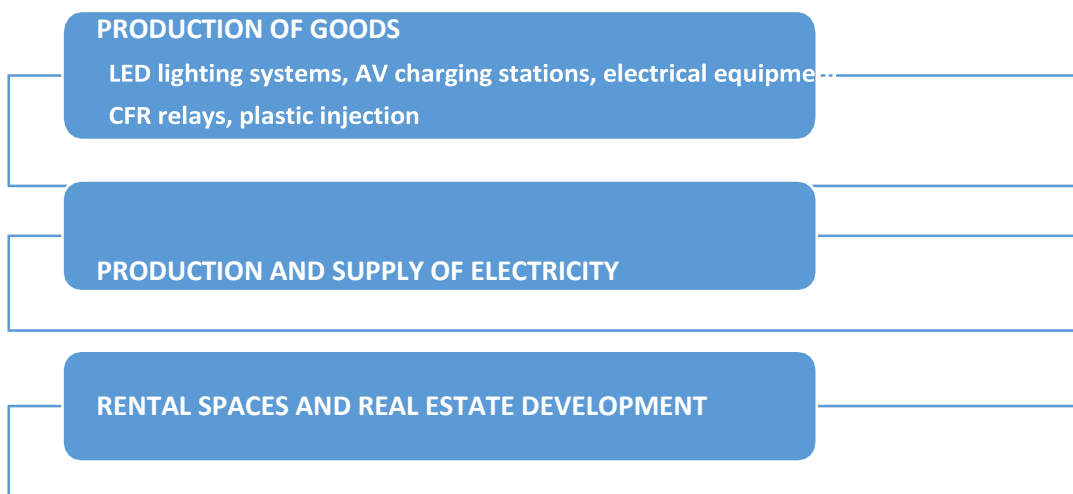
## 7. THE CONTRIBUTION OF ELECTROMAGNETICA SA TO THE RESULT OF THE GROUP

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

	December 31, 2023			31 December 2022 (restated)		
	Group	Parent company	% parent company	Group	Parent company	% parent company
	lei	lei		lei	lei	
Non-current assets	316.804.323	311.685.446	98,38%	343.661.784	339.532.316	98,80%
Current assets	88.644.343	82.604.665	93,19%	109.302.787	104.269.629	95,40%
Attributable equity to shareholders of the company	357.783.055	345.747.758	96,64%	390.849.872	379.951.600	97,21%
Long term liabilities	20.863.669	21.332.310	102,25%	27.356.584	28.350.222	103,63%
Current liabilities	26.801.943	27.210.043	101,52%	34.758.115	35.500.123	102,13%

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

In 2023 Electromagnetica SA had the following main lines of business:



Electromagnetica SA provides rental and utility services to subsidiaries. Description of its electromagnetic activity is found in **Annual Report 2023-Individual statements** published alongside the present report.

**PROCETEL SA** operates mainly rental activities to its Electromagnetica. Another activity was the delivery, assembly and maintenance of air conditioners which accounted for 15% of the turnover. The rental services received by Electromagnetica SA from Procetel SA are carried out with the right to rent to independent entities because the subsidiaries do not have sufficient and specialized personnel to manage these rental contracts. Sublease of spaces is done without applying a profit margin and without charging a commission for these services provided to affiliates.

**ELECTROMAGNETICA PRESTSERV SRL** provides cleaning services in relation to Electromagnetica SA.

**ELECTROMAGNETICA FIRE SRL** it carries out in relation to Electromagnetica SA activities in the field of fire defense, private emergency services regarding civil protection, interior design, electrical works and cleaning services.

## 9. MAIN EVENTS WITH IMPACT IN THE FUNCTIONING OF THE GROUP:

There were no events with impact in the functioning of the Group. The important events in its electromagnetic evolution were described in the Activity report on the individual situations of the company. On 13.10.2023, Electromagnetica SA bought a share of Electromagnetica Fire SRL, so that the parent company is the sole shareholder with 100% of the share capital.

## 10. EVALUATION OF ASPECTS RELATED TO THE COMPANY'S

### EMPLOYEES

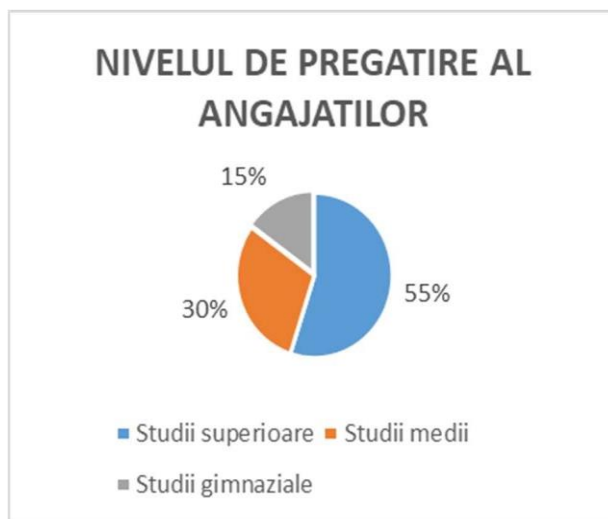
#### ELECTROMAGNETICA SA

The high level of training of the employees allowed the company to undertake both productive activities and research development. In 2023 the average number of employees was 3w50, down by about 2.8% compared to the previous year. The structure of employees at the company level is presented in the attached chart.

No new cases of professional illnesses have been registered and the relations between the executive management and employees are carried out in normal conditions. The degree of unionization is about 55% and there were no labor conflicts between the employer and the trade union.

#### For the other companies in the group:

Company	Average employees no.
ELECTROMAGNETICA FIRE SRL	26
ELECTROMAGNETICA PRETSERV SRL	22
PROCETEL SA	8



In 2023 there were no new cases of occupational diseases or events with major impact on the health and safety of people.

## 11. IMPACT OF GROUP ACTIVITY ON ENVIRONMENT.

Electromagnetica SA has all the legal environmental permits necessary to carry out the activity, having implemented an Environmental Management System according to SR EN ISO 14001:2015. The company does not carry out activities with significant impact on the environment and does not have disputes regarding the violation of the legislation on Environmental Protection.

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

## 12. RISK MANAGEMENT OBJECTIVES AND POLICIES. RISK FACTORS.

For Electromagnetica SA, the details of the risks and how they are managed are described in *Administrators report - Individual statements*. The risks of the other companies in the group related to the market, non-payment and cash-flow are closely related to Electromagnetica SA, for which they perform almost exclusively activities.

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

### 13. PERSPECTIVE ELEMENTS OF THE COMPANY

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

### 14. CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2023 (ALL AMOUNTS ARE EXPRESSED IN LEI, UNLESS OTHERWISE SPECIFIED)

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

#### 14.1 Financial position

	<b>31 dec. 2023</b>	<b>31 dec. 2022</b>	<b>31 dec. 2021</b>
<b>Assets</b>		<i>(restated)</i>	<i>(restated)</i>
<b>Non-current assets</b>			
Property, plant and equipment	285.980.090	310.734.538	321.032.559
Real estate investments	23.569.292	22.054.243	19.355.453
Intangible assets	567.327	789.308	143.393
Other long-term non-current assets	6.606.482	9.928.405	14.540.480
Rights of use assets	81.132	155.290	204.667
<b>Total non-current assets</b>	<b>316.804.323</b>	<b>343.661.784</b>	<b>355.276.552</b>
<b>Current assets</b>			
Stocks	18.753.989	27.429.223	22.524.443
Commercial receivables	35.412.343	63.682.382	64.328.431
Cash and cash equivalents	30.888.179	15.417.388	7.086.289
Other current assets	1.889.429	1.725.783	2.061.387
Current tax claim	1.700.402	1.048.012	1.099.579
<b>Total current assets</b>	<b>88.644.343</b>	<b>109.302.787</b>	<b>97.100.128</b>
<b>Total assets</b>	<b>405.448.666</b>	<b>452.964.570</b>	<b>452.376.681</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	67.603.870	67.603.870	67.603.870
Reserves and other capital items own	217.810.770	198.973.337	218.401.625
Retained earnings	71.976.006	123.908.652	80.065.292
<b>Total equity attributable to shareholders of the company</b>	<b>357.390.646</b>	<b>390.485.859</b>	<b>366.070.788</b>
<b>Minority Interests</b>	<b>392.409</b>	<b>364.013</b>	<b>329.509</b>
<b>Total equity</b>	<b>357.783.055</b>	<b>390.849.872</b>	<b>366.400.297</b>
<b>Long-term debt</b>			
Commercial and other liabilities	867.718	700.176	975.819
Investment grants	3.757.433	3.920.651	4.083.869
Deferred tax liabilities	16.208.824	22.652.804	23.542.324
Lease liabilities	29.694	82.953	136.320
<b>Total long-term liabilities</b>	<b>20.863.669</b>	<b>27.356.584</b>	<b>28.738.333</b>
<b>Current liabilities</b>			
Commercial and other liabilities	25.178.506	32.271.355	54.620.194
Investment grants	163.219	163.219	163.219
Provisions	1.405.436	2.248.130	2.383.553
Corporate current tax liabilities	-	-	-
Lease liabilities	54.781	75.410	71.085
<b>Total current liabilities</b>	<b>26.801.943</b>	<b>34.758.115</b>	<b>57.238.051</b>
<b>Total liabilities</b>	<b>47.665.611</b>	<b>62.114.699</b>	<b>85.976.384</b>
<b>Total equity and liabilities</b>	<b>405.448.666</b>	<b>452.964.570</b>	<b>452.376.681</b>

#### 14.2 Consolidated profit and loss results are presented as follows:

	The 12-month period ended at 31 dec. 2023	The 12-month period ended at 31 dec. 2022 <i>(restated)</i>
<b>Revenue</b>	<b>195.145.330</b>	<b>226.390.032</b>
Investment income	536.044	147.205
Other income and expenses, net	(13.848.794)	5.374.634
Change in the stock of finished products and production in progress execution	7.841.706	17.222.429
Activity performed by the entity and capitalized	2.219.694	2.229.197
Raw materials and consumables used	(102.353.203)	(124.237.226)
Employee expenses	(42.395.092)	(39.022.831)
Depreciation and amortization expense	(32.401.726)	(13.949.900)
Other expenses	(49.821.571)	(47.013.735)
Financial expenses	(383.281)	(1.049.919)
<b>Profit before tax</b>	<b>(35.460.893)</b>	<b>26.089.885</b>
Corporate tax	5.502.777	(1.600.637)
<b>Period profit</b>	<b>(29.958.115)</b>	<b>24.489.248</b>

#### 14.3 Consolidated statement of cash flows

	The 12-month period ended at 31 dec. 2023	The 12-month period ended at 31 dec. 2022
<b>Cash flows from operating activities:</b>		
Cash receipts from customers	235.829.931	233.247.088
Payments to suppliers	(132.839.233)	(136.183.547)
Payments to employees	(42.163.228))	(39.200.801)
Other operating operations	(36.438.638)	(25.383.696)
<b>Cash generated by / (used in) the business of exploitation</b>	<b>24.388.832</b>	<b>32.479.044</b>
Interest paid	(1.469)	(609.409)
Income tax paid	(1.617.183)	(2.438.381)
<b>Net cash generated by / (used in) the activities of exploitation</b>	<b>22.770.180</b>	<b>29.431.255</b>
<b>Cash flows from investment activities:</b>		
Purchase of property, plant and equipment	(5.226.304)	(382.590)
Proceeds from sale of fixed assets	29.510	50.300
Interest accrued	751.676	239.241
Dividends received	-	-
<b>Net cash generated by / (used in) the activities of investments</b>	<b>(4.445.118)</b>	<b>(93.049)</b>
<b>Cash flows from financing activities:</b>		
Cash proceeds from loans	1.964.851	32.718.453
Cash repayments of borrowed amounts	(1.964.851)	(53.609.747)
Lease paid	(90.259)	(95.890)



Interest paid	(42.884)	(8.543)
Dividends paid	(2.721.128)	(11.379)
<b>Net cash generated by / (used in) financing activities</b>	<b>(2.854.272)</b>	<b>(21.007.106)</b>
<b>Net increase / (decrease) of cash and cash equivalents</b>	<b>15.470.791</b>	<b>8.331.100</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>15.417.388</b>	<b>7.086.289</b>
<b>Cash and cash equivalents at end of period</b>	<b>30.888.179</b>	<b>15.417.388</b>

## 15. DIVIDEND POLICY

Given the results achieved in 2023, the following proposals were formulated:

### Electromagnetica SA:

Given that in 2023 a negative result was recorded, the proposal of the Board of Directors is to cover the loss by using the account "other reserves".

### Procetel SA:

Taking into account the results of 2023 and the amounts highlighted in the "other reserves" account, the sole administrator proposes to distribute as dividends the total amount of RON 3,520,160, representing RON 80/share.

### Electromagnetica Prestserv SRL:

The sole administrator formulated the proposal to distribute the amount of RON 500,000 in the form of dividends for 2023.

### Electromagnetica Fire SRL

The sole administrator formulated the proposal to grant the amount of RON 851,348.71 in the form of dividends related to 2023.

## 16. EXTERNAL AUDITOR INDEPENDENT

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

*Fiscal Identification Number RO 7756924, Registration number with the Trade Register 40/6775/1995 Authorization Chamber of Financial Auditors of Romania no.25/25. 06. 2001  
Company headquarters-Bucharest, 1<sup>st</sup> district , Calea Grivitei 82-98, building „The Mark” Phone number 021/222.16.61, Fax 021/319. 51. 00*

### Note:

In this material are presented only the elements characteristic of the consolidated statements respectively, those related to the group of companies controlled by Electromagnetica SA. The parent company is the only one that carries out production activities. Since the activity of the group is mostly determined by the activity of the parent company (> 97 % of income), all other aspects described in *Administrators' Report- Individual statements* are also valid for *Administrators' Report -Consolidated Statements*, without being reprinted in this material.

CA President/General Manager  
Daniela-Adi CUCU



Financial manager  
Cristian-Iulian  
RADU

