



ELECTROMAGNETICA S. A.
ADMINISTRATORS' REPORT FOR 2023
- INDIVIDUAL STATEMENTS -
March 21, 2024

according to the provisions of art.63 Law No. 24/2017 on issuers of financial instruments and market operations, annex 15 to Financial Supervisory Authority Regulation no. 5/2018 on issuers of financial instruments and market operations and the Bucharest Stock Exchange Code.

Contents:	Page
1. IDENTIFICATION DATA OF THE COMPANY	4
2. SHAREHOLDER STRUCTURE	4
3. COMPANY OVERVIEW	4
5.1 Mission, Vision, Values	5
5.2 Ethics. Compliance. Sustainability	5
5.3 Legal framework	6
5.4 Description of the basic activity	6
5.5 Mergers, liquidations or reorganizations	7
5.6 Main events with significant impact	7
5.7 Elements of general evaluation	8
4. PRODUCTS AND SERVICES OFFERED BY ELECTROMAGNETICA	8
4.1 Turnover structure	8
4.2 Production of goods	9
4.3 Production and supply of electricity	11
4.4 Rental spaces and real estate development	12
5. ASSESSMENT OF SUPPLY ACTIVITY	12
6. ASSESSMENT OF SALES ACTIVITY	13
6.1 Evolution of sales on the internal and external market	13
6.2 Main competitors	13
6.3 Significant dependence on a customer or group of customers	14
7. ASSESSMENT OF ASPECTS RELATED TO THE COMPANY'S EMPLOYEES	14
8. THE IMPACT OF THE COMPANY'S ACTIVITY ON THE ENVIRONMENT & OSH	15
9. ASSESSMENT OF RESEARCH AND DEVELOPMENT ACTIVITY	18
9.1 LED lighting fixtures and systems	18
9.2 Power equipment for electric cars	19
9.3 Railway safety elements	20
10. QUALITY SYSTEM. CERTIFICATIONS AND ATTESTATIONS	20
11. LEGAL DEPARTMENT. COMPLIANCE AND DEBT RECOVERY	23

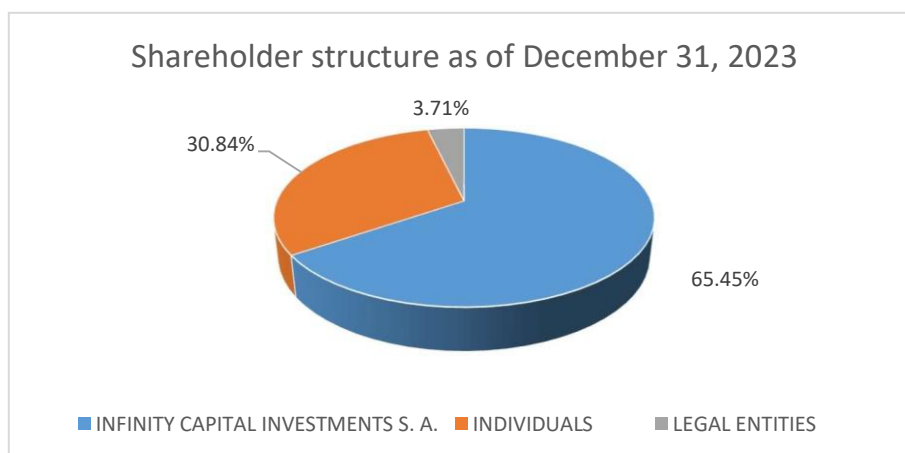
12. RISK MANAGEMENT OBJECTIVES AND POLICIES	23
13. PERSPECTIVE ELEMENTS	25
13.1 Analysis of trends, prospects and uncertainty factors	25
13.2 Forecasts and projects for 2024	25
13.3 Investments expected in 2024	26
14. TANGIBLE ASSETS OF THE COMPANY	26
15. SECURITIES MARKET	27
15.1 Stock price evolution	27
15.2 Dividends granted	27
16. INDIVIDUAL FINANCIAL STATEMENT AS OF 31.12.2023	28
16.1 Financial position	28
16.2 Individual profit or loss result	29
16.3 Statement of cash flows	29
17. IMPORTANT EVENTS OCCURRING AFTER THE CLOSE OF THE FINANCIAL YEAR	29
18. CORPORATE GOVERNANCE STATEMENT	29
18.1 Relevant corporate governance code	29
18.2 General meetings and shareholders' rights	30
18.3 Administration system	30
18.4 Corporate governance structures	30
18.5 Capital structure and significant shareholders	35
18.6 Managing conflicts of interest, transactions with parties involved and confidential information regime	35
18.7 Acquisition of own shares	35
18.8 Reporting transactions to administrators and others involved with the company's actions	35
18.9 Amendments to the articles of incorporation	36
18.10 Dissemination of corporate information	36
ANNEX TO THE CORPORATIVE GOVERNANCE DECLARATION	37

1. COMPANY IDENTIFICATION DATA

Company Name:	Electromagnetica SA
Registered Office:	Bucharest, 5th district, Calea Rahovei no. 266-268, postal code 050912
Phone number / Fax:	021 404 21 02/ 021 404 21 94
Unique registration no.	414118
Trade Registry number:	J40/19 / 1991
Regulated market:	Bucharest Stock Exchange, Capital securities department, Shares, Premium category
Market symbol:	ELMA
Number of shares:	676.038.704
Nominal value:	0.1000 lei
Share Capital:	67,603,870. 40 lei
LEI Code:	254900MYW7D8IGEFRG38

2. SHAREHOLDER STRUCTURE:

On 31.12.2023 the company had a number of **6.241** shareholders. According to the records of Depozitarul Central S.A., the synthetic structure at the end of the year is as follows:



3. COMPANY OVERVIEW:

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.

3.1. MISSION, VISION, VALUES

The mission of the highest level management and employees of Electromagnetica S.A. is to offer high-performance products and services based on new technologies to fully satisfy the customers, promoting a sustainable and sustainable development, with an emphasis on social responsibility and environmental friendliness, taking into account, at the same time, the interest of its shareholders.

Electromagnetica S.A. assumes responsibility for everything it produces, in full respect to the law, to the customers and to the other interested parties, ensuring the support of the products and services made available on the market, during the warranty period but also in post-warranty. Moreover, reliability, stability and prompt response to requests are assets that have helped us to gain and maintain an important market share.

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

Creativity	We are innovative and we seek to apply every time the latest technologies and the most suitable solutions;
Business ethics	It is the foundation of our commercial relationships, based on honesty, integrity, communication and mutual trust;
Social responsibility	We consider our employees as one of the most important resources and we seek to motivate them and provide them with the best working conditions as well as continuous training;
Environment Protection	We act responsibly for the protection of the environment, both through the promotion of energy efficient products and through the selective collection and recycling measures provided in the production sites
Adaptability.	We constantly adapt to market demands, looking for and discovering new opportunities, but remaining constantly focused on the needs and expectations of shareholders.

3.2. ETHICS. COMPLIANCE. SUSTAINABILITY

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

THE SUSTAINABILITY REPORT prepared for the first time in 2020 and updated regularly, it represents one of the most important concerns and challenges for the management of the company and completes the annual **Non-financial statement**, in the spirit of [Directive 2014/95 / EU](#) and the new requirements of the European Commission.

The company offers great importance to respect *THE COMPETITION RULES COMPLIANCE MANUAL* by which the company informs all employees and collaborators of the principles and legislation of the competition and assumes a competition policy that complies with these principles and legal norms. This manual is available at <https://electromagnetica.ro/companie/manual-de-conformare-cu-regulile-de-concurenta/>

3.3. LEGAL FRAMEWORK:

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

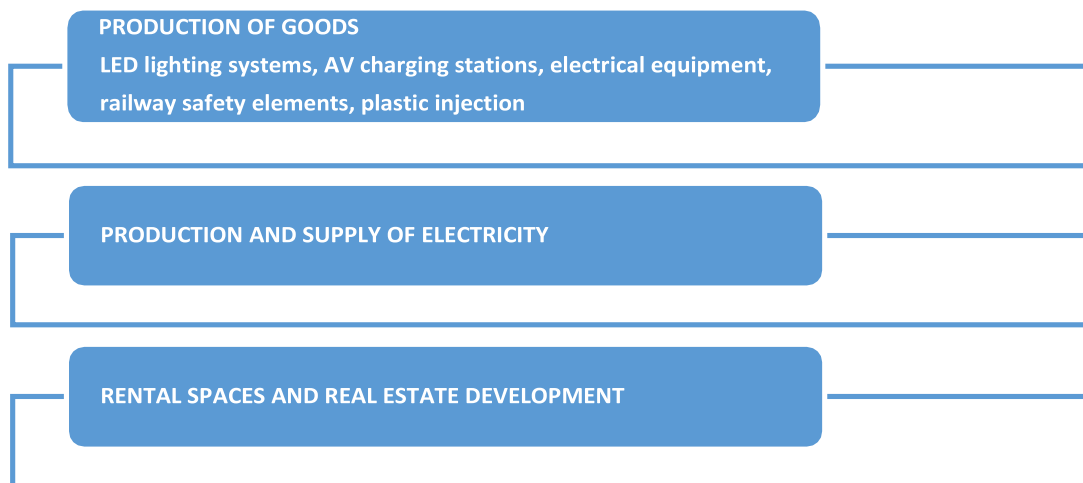
- ✚ Law no. 31/1990 on companies, republished, with subsequent amendments and completions;
- ✚ Law no. 24/2017 on issuers of financial instruments and market operations, republished;
- ✚ Law no. 123/2012, with subsequent amendments and completions;
- ✚ Law no. 107/1996, with subsequent amendments and completions;
- ✚ Financial Supervisory Authority Regulation no. 5 / 2018, on issuers of financial instruments and market operations, with subsequent amendments and completions;
- ✚ National Regulatory Authority order is no. 5 / 2023 for the approval of the regulation on the supply of electricity to the final customers, as well as for the modification and completion of some orders of the president of the National Regulatory Authority in the Energy field, with subsequent amendments and completions;
- ✚ The Bucharest Stock Exchange Code;

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

- ✚ The Articles of Association updated according to the decision Extraordinary General Meeting of shareholders of July 3, 2023.

3.4. DESCRIPTION OF THE BASIC ACTIVITY

In 2023, Electromagnetica S.A. had the following main lines of business:



3.5. MERGERS, LIQUIDATIONS OR REORGANIZATIONS OF COMPANIES CONTROLLED BY ELECTROMAGNETICA IN 2023

The group of companies within which Electromagnetica S. A. is a parent company was formed by Procetel S. A., Electromagnetica Fire S.R.L. and Electromagnetica Prestserv S.R.L., representing mainly outsourcing of services with the purpose of streamlining activities.

In 2023 there were no liquidations, mergers or reorganizations within the group.

3.6. MAIN EVENTS WITH SIGNIFICANT IMPACT IN THE FUNCTIONING OF THE COMPANY

A. In 2023 there were several important events, in chronological order:

21.03.2023	Taking into account the profit obtained in 2022, the Board of Directors proposes to grant dividends in gross value of Ron 3,380,194 or Ron 0.005 / share
27.04.2023	Annual Regular Company Shareholders' General Assembly. The granting of dividends according to the above proposal is also approved.
28.04.2023	Renouncing the mandate of member of the Board of Directors on May 28, 2023 and the mandate of Executive Director on April 28, 2023 of Mr. Octavian Macovei. As a result of the vacancy held by Mr. Macovei, the Board of Directors appoints Mr. Mihail Stoica-interim administrator, with mandate starting with May 28 2023 and until the meeting of the General Assembly.
03.07.2023	Ordinary and Extraordinary Company Shareholders' General Assembly. The election of Mr. Sorin-Iulian Cioaca as member of the Board of Directors in the vacant seat held by Mr. Octavian Macovei, with a mandate until October 18, 2023. Election of a new council administration with a mandate of 4 years, starting with 18.10.2023.
22.09.2023	Notification to Infinity Capital Investments S. A. on exceeding the threshold of 33% of the share capital of Electromagnetica S. A.
18.10.2023	First meeting of the new Board of Directors. Appointment Daniela-Adi CUCU as president of the Board of Directors and as general manager with mandate until the selection of a General Manager. Mandate revocation of the Sales Manager Mihail Stoica and mandate revocation Property Manager, Stanila Antoaneta Monica
01.11.2023	Starting the mandate of Deputy General Manager and taking over the duties of General Manager
13.11.2023	Approval of the new organizational chart of the company.
17.11.2023	Threshold notification holdings by the shareholder Infinity Capital Investments S. A. (>50 %)
20.11.2023	Commencement of mandate Financial Director, Mr. Cristian Radu
06.12.2023	Renouncing the mandate of member of the board of Directors of Mr. Eugen Scheusan the seat became vacant on 6 January 2024.
18.12.2023	Term of Office of Deputy Director General

Detailed information is available at:

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

B. Following the analyses carried out at the request of the Board of Directors, it was found that, in certain contracts for the sale of finished products and services, there were some clauses favorable to customers (intermediaries) giving the right of return for products not valued by resale or implementation in various projects. Moreover, Electromagnetica acted as depositary of the products purchased by these customers by drawing up custody minutes and stock management within the company.

In accordance with IAS 8, the last three years have been restated, by adjusting the results, in the sense of derecognition of net revenues from these sales. The impact was a decrease of the result by RON 1,918,800 for 2022 and RON 2,689,644 for 2021.

3.7. ELEMENTS OF GENERAL EVALUATION

No.	Specification	2023	2022 restated
1	Total revenue (lei)	211.881.862	249.922.175
2	Total expenses (lei)	248.469.742	225.056.464
3	Gross Profit (lei)	(36.587.880)	24.865.711
4	Gross profit rate	-17,27 %	9,95%
5	Net profit (lei)	(31.033.088)	23.312.293
6	Net profit rate	-14,65 %	9,33 %
7	Average number of employees	350	368

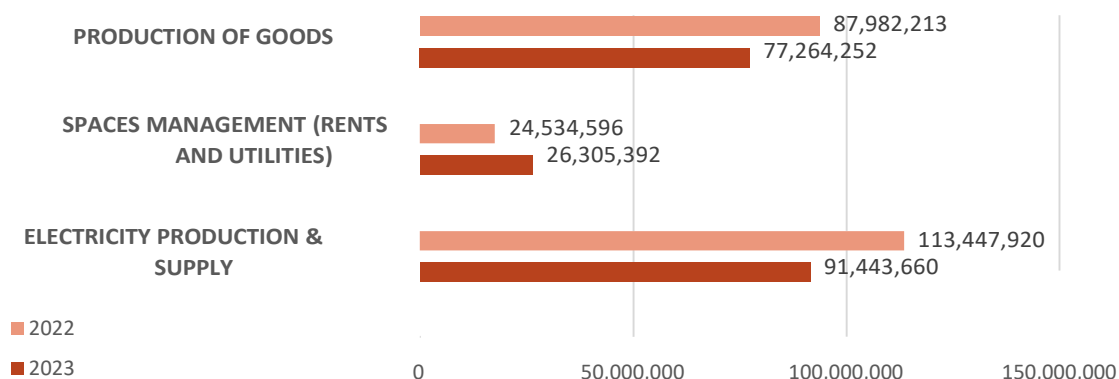
In 2023, the profit and loss account was strongly influenced by the revaluation of the company's assets (especially the assets of the micro-hydropower plants) which led to the reduction of the result by the amount of 23,339,361 lei.

Also, taking into account the returns of unvalued products by the customers, the last three years were restated, by adjusting the results in the sense of derecognizing the net revenues related to those contracts. Stocks were re-established with the finished products that were the subject of the respective transactions and, taking into account the age of these products, provisions were made for updating the stocks of finished products to a net realizable value on the market. The provisions for the net realizable value of stocks, old and slow-moving stocks constituted related to finished products were in the amount of RON 5,674,647.

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

4. PRODUCTS AND SERVICES OFFERED BY ELECTROMAGNETICA:

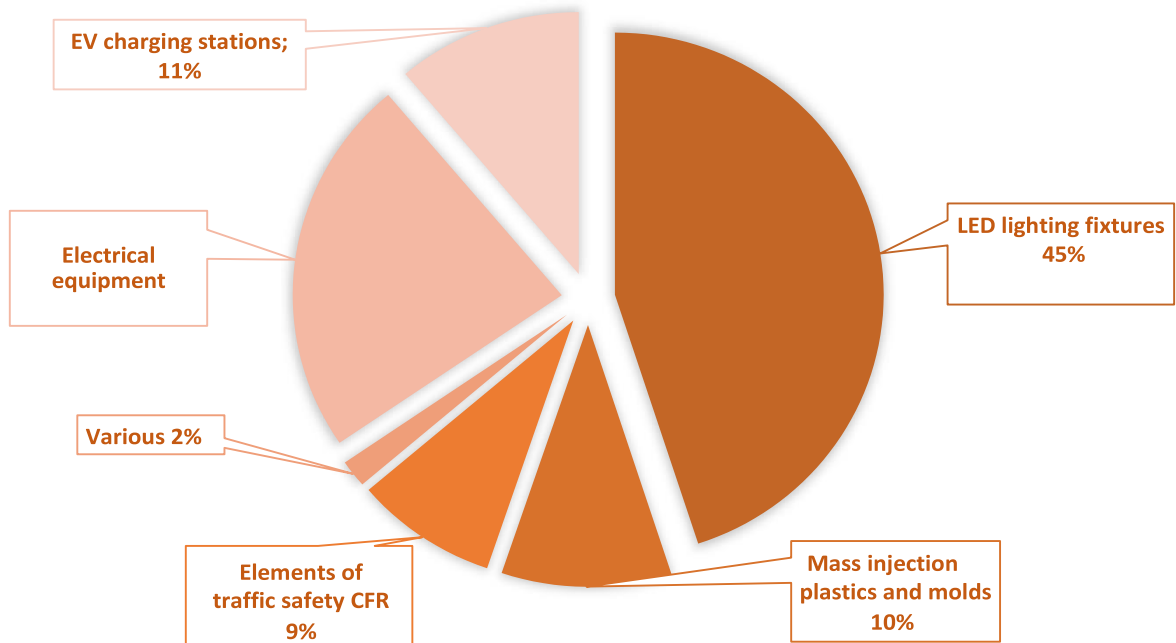
4.1. TURNOVER STRUCTURE (CA):



4.2. PRODUCTION OF GOODS:

The company benefits from a diversity of technologies and equipment that allows obtaining a diversified nomenclature of products. The share of the main product groups in the turnover related to the production of goods (excluding services), is presented below:

STRUCTURE OF PRODUCTION OF GOODS IN 2023



4.2.1. PRODUCTS AND SERVICES TO INCREASE ENERGY EFFICIENCY

4.2.1.1 LED lighting fixtures, systems and solutions

For over 12 years our company has invested important resources in the research and production of LED lighting systems and electric vehicle charging stations.

The competitive advantage of LED lighting equipment is due to high efficiency (over 160 lm/w), long service life (minimum 100,000 hours) and high color rendering index (minimum 85 %). In addition, LED luminaires provide quality light, are environmentally friendly and allow integration into tele-management/ smart city systems.

Currently, there are ongoing projects financed by European and national programs ROP and AFM, in which the company has developed complete solutions through 3 Smart City and Tele-management platforms, with the purpose of managing the automation of lighting devices by reducing the light intensity depending on time or on the command of sensors. Also, in order to improve energy efficiency and reduce the CO2 carbon footprint, the lighting systems designed and implemented by the company successfully integrate the use of photovoltaic panels. The 3 main smart city and Tele-management platforms developed by the company are the following:

1. Smart IoT Server: ILIC- Intelligent Luminaire Informations Center, used in public street lighting projects: Craiova Expressway Pitesti lot 1 and 2 (Slatina town and Bals town), Cahul town (Republic of Moldova), Tasnad Town Satu Mare County. Currently we continue to implement this system of Management in numerous projects, among which we mention: Craiova Expressway Pitesti lot 3, Draganesti Olt city.

2. Radio Tele-management in mesh 6LoWPAN - Neptun CMS technology, used in public street lighting projects: Panciu City, Vrancea County, Baneasa Commune, Constanta County.

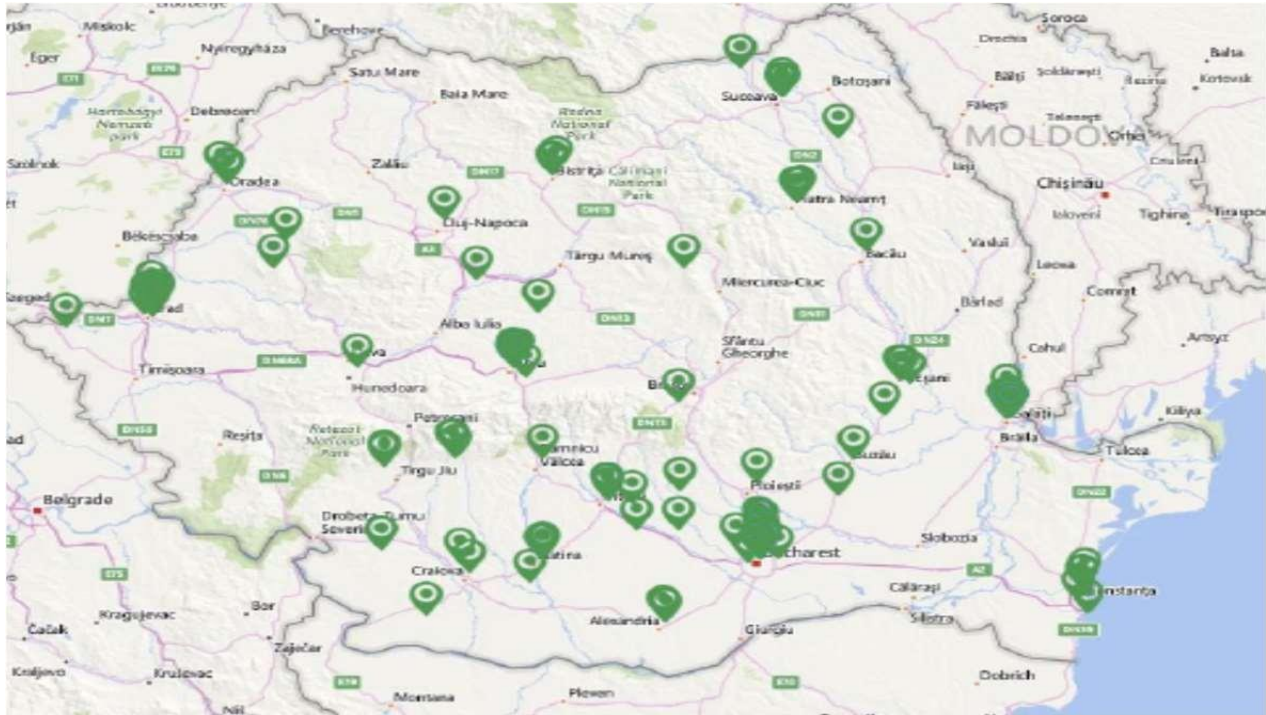
3. 4G/ GPRS / NB-IoT Smart City: used in public street lighting projects in Buftea City, Ilfov County, Ciurea Commune, Iasi County, Valea Seaca Commune, Iasi County.

Although they have the largest share in the production of goods, the turnover decreased by approx. 15%, mainly due to return policies, payment system in credit-supplier system for 3 or 5 years, outsourcing of some activities (ex. installation), unfavorable payment conditions and accumulation of overdue payment from some partners.

4.2.1.2. Electric vehicle charging stations

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

ELMOTION NETWORK IN ROMANIA: 237 stations of which 50 in Bucharest.



In recent years, the market of hybrid and electric vehicles has experienced an accelerated development both in Europe and in Romania. According to the analysis of motor vehicle registrations by APIA (Association of Automobile Manufacturers and Importers), “electrified” cars have an increase of 25.9%, achieving a market share of 24.4%.

Given the increase in the share of electric vehicles and the fact that the infrastructure of electric charging stations is developing much more slowly, ELECTROMAGNETICA S.A. continued the development and production of fast CHARGE and ULTRA FAST CHARGE stations in direct voltage (DC 50kW, DC 100kW, DC 150kW). The company also expanded its station network and improved its software operating and station management platform, ELMOTION.

Regarding the charging power of the stations there is an increased requirement on the ultra-fast charge area defined by DC stations 150 kW and higher. In 2023, the 150kW variant of the DC charging station was made, a model that can charge from 0 to 100% a 60kWh battery electric vehicle in less than 30 minutes. The new model complements the existing 50kW and 100kW family, with charging voltages up to 1000V, thus ensuring the possibility of charging for the latest generation cars but also for heavy-duty electric vehicles. The main challenge encountered in the installation of stations over 100 kW continues to be related to the existence of an electricity connection capable of supporting the energy consumption, these stations requiring an electricity transformer station nearby.

At the same time, in 2023, the CE certification for charging stations was extended, providing a higher degree of protection (IP55 compared to IP54) and an operating temperature between -30 and + 55mm.

The turnover of this business segment recorded a decrease of 22% in 2023 compared to 2022, mainly generated by the elimination / minimization of "bill and hold" sales (sale of products and their delivery at later dates, including in subsequent reporting periods), the reorganization of the sales activity and the implementation of minimum requirements regarding the company's ability to collect receivables generated by the sale of stations.

4.2.2. OTHER PRODUCTS DEVELOPED

4.2.2.1. Injection of plastics and molds

Electromagnetica benefits from a wide range of technologies, which allows the company to produce subassemblies from injected plastics both for the domestic market and for export. The company currently has 25 injection machines, most of the products made being parts and components for LED luminaires, power tools, electrical circuit protection apparatus as well as injected parts for the automotive market.

The war in Ukraine further caused a decrease in sales in these areas (the case of a large manufacturer of power tools) and implicitly of orders to Electromagnetica S.A. An important partner, Draexlmaier Romania, has several products in the "end of life" cycle and depends in turn on the orders of the major car manufacturers.

The best and constant evolution was the segment of equipment for distribution boards (for example different types of fuses), where the production recorded in 2023 a volume increase of 13 %.

4.2.2.2. Railway traffic safety elements

The sales of railway traffic safety elements remained almost constant compared to last year, the orders for this production segment being largely dependent on the pace of modernization of the railway infrastructure, considering that CFR Infrastructura is the final beneficiary of these services.

Sales for this segment were located approx. \$ 6.6 million lei the main partners being IMSAT SA Bucuresti, SIEMENS MOBILITY SRL, GTS ROMANIA SRL (formerly THALES SYSTEM ROMANIA SRL).

4.3. PRODUCTION AND SUPPLY OF ELECTRICITY:

4.3.1. Production of electricity from renewable sources

Energy production is an area regulated by ANRE, the company having a producer license since 2007. The company owns 10 small hydropower plants in the Suceava and Brodina rivers basin, which have been modernized and automated over time, reaching an installed power of 5.5 MW.

In 2023, the energy production in its own small hydropower plants was 11,669 MWh, an increase of about 19% compared to 2022, on the background of good hydraulics.

A significant part, 62% of the need for green certificates for the entire portfolio of supply customers was covered in 2023 by certificates obtained by their own small hydropower plants.



During 2023, important maintenance works were made, among which the removal of a large area from the entrance to the Bilca common channel (MHC Bilca 1, MHC Bilca 2, MHC Bilca 3):

Also, the adduction pipe from MHC Brodina de jos was replaced, the pipe from PAFSIND with a diameter of 1300 mm.

4.3.2. Electricity supply activity

In 2023, the measures to streamline the activity from 2022 and to adapt to the legislative changes were continued, through the integrated functioning of the activities in the field of electricity production and supply. Optimization measures can be summarized as follows:

- Renegotiation of customer contracts;

- Permanent monitoring of creditworthiness for both PC-OTC Market Partners (EFET) and consumer portfolio;
- Contracting the purchase of energy for final consumers when opportunities appeared in the market.

The net profit of the electricity supply and production activity was significantly impacted by the approval of GEO no. 27/2022 with subsequent amendments, as a result of which the Company incurred costs of approx. 25.9 million lei, related to the contribution to the Energy Transition Fund.

4.4. SPACE RENTAL AND REAL ESTATE DEVELOPMENT

The company manages approximately 35,500 sqm of spaces for rent in Bucharest and 3,500 sqm in Varteju, Ilfov County. At the end of 2023, for the headquarters in Calea Rahovei 266-268, the average rental rate was 86%. For the spaces in Varteju (Magurele), the rental rate was 95%.

The activity of renting and supplying utilities recorded an increase compared to the previous year, the result of the increase in the euro/leu average rate, which evolved favorably compared to 2022, the changes in tariffs per square meter and the increasing changes in tariffs for utilities. Compared to the previous year, the structure of office rental spaces decreased, the share of spaces intended for service provision increased and those for production and storage remained relatively the same.

Electromagnetica S.A.'s efforts are further focused on providing tenants with quality services, with various facilities (indoor gym, cafeteria/grill, English garden with green spaces) at competitive prices, in conditions of a very competitive real estate market. In the Center-West area (of which we are part) the offer of available spaces has increased from year to year and the trend for storage and production spaces is to move to the outskirts of the city, given the traffic restrictions.

5. ASSESSMENT OF SUPPLY ACTIVITY:

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

The sources of supply are both from the foreign market (EU countries, China) and from the country, the suppliers are selected and evaluated periodically based on technical performance criteria, quality, commercial conditions. For each material there are alternative suppliers/ manufacturers, so that the security of supply does not depend solely on the relationship with a particular supplier.

There were no syncope in the supply process that affect the production flow, since the first part of 2023 there was a reduction in delivery terms for plastic mass suppliers and electronic electrical components suppliers but especially for LED drivers, alleviating the worldwide chip crisis having a positive contribution.

For the production of electric vehicle charging stations, the supply was optimized on component kits in larger batches, being ensured a constant production, significantly reducing the deadline for fulfilling orders to customers.

Regarding the purchase prices for materials, in the first part of the year there was a softening of the upward slope, even speaking of a price stability starting with the second quarter in most categories of materials (plastic table, galvanized and aluminum sheet, LEDs, cast aluminum cases) stability that was maintained throughout the year. However, at the processing services contracted in the country (electrostatic painting, forging and coatings for the components of railway safety elements, laser cutting of metal parts), the caution generated by the continuation of the war in Ukraine, the energy price increase and inflation have led suppliers to keep prices high, even recording a slight increase in the second part of the year.

6. EVALUATION OF SALES ACTIVITY:

6.1. Internal and external sales evolution and medium and long-term sales prospects

The sale of LED lighting fixtures and systems was mainly made by the company through the profile Division of the commercial directorate. Also there was a specialized Office for participation in the SEAP auctions (both for LED luminaires and electric vehicle charging stations). With the approval of the new organizational

chart on 13.11.2023, a reorganization of the sales services and participation in auctions was also carried out.

In terms of charging stations, within the ELECTROMAGNETICA BUSINESS PARK platform there were 27 charging stations, for charging for a fee both to fleets of electric cars of car sharing type and to tenants.

The sale of charging stations will also be an important pillar of growth in the future given the growing need for these equipment in Romania.

The licensed, production and supply of electricity activities are carried out exclusively on the domestic market through the Department of energy supply and production which includes the Radauti Hydroelectric Plant. Similarly, the production of elements for the safety of railway traffic has exclusive outlets on the domestic market.

Export is traditionally supported by low voltage electrical equipment and part of the production of plastic injection. In the next period, the production of plastics will be gradually oriented towards products with a high degree of complexity, a change that will also lead to an increase in profitability.

Regarding the medium and long term sale insurance, we specify that the average duration of the lease contracts as well as that of the energy supply contracts is 1 year, while the production is executed generally based on medium and short term orders.

6.2. Main competitors

LED lighting technology is currently the most efficient lighting solution, gaining much notoriety. Electromagnetica is the main domestic producer, competing with imported products. Electromagnetica products with the best presence on the market are those for lighting commercial and industrial spaces as well as those for public lighting. The company has a diverse range of LED products with which it competes on several price segments. The main competitors of the company are: Signify and Schreder (high price segment); Elba, Amiras, Urbio, Electromax, (medium price); Arc Electronic, Spot Vision, Arelux, Ledvance (low price).

On the retail electricity supply market competition is very high, currently operating on this market 89 suppliers (including the 5 last resort suppliers) and 20 manufacturers who also have supply activity (data available at the end of 2023).

On the local market of railway traffic safety systems, there are no significant competitors but orders depend on the progress of the railway infrastructure modernization programs, with the mention that the company takes the necessary measures to make the profile production flexible and able to cope with the fluctuating character of orders.

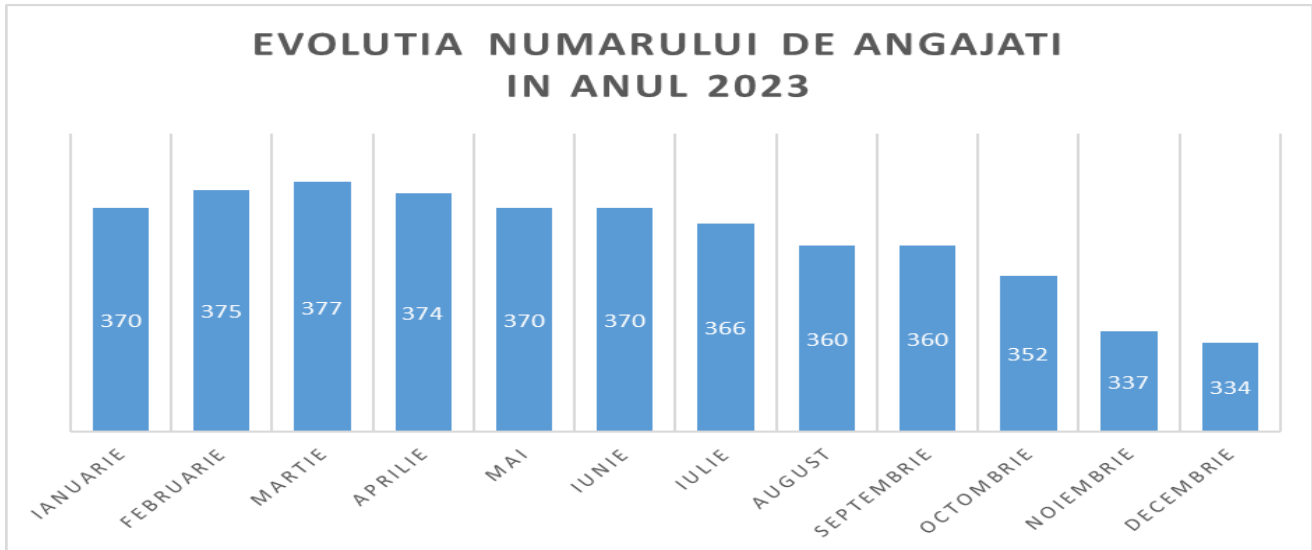
In terms of the operating network of electric vehicle charging stations, EIMotion, the competition has grown exponentially in recent years. The main competitors are: Renovatio, EV-MAG, EV-CONNECT, Polyfazer, Nextcharge, respectively charging stations produced outside the country.

6.3. Significant dependence of the company on a client or a group of clients

Products with high weight at the moment, such as LED luminaires, electrical appliances and plastic injection, address a diverse range of beneficiaries and are not dependent on a specific customer or group of customers. In the same situation is the supply of electricity. The elements for the safety of railway traffic have as final beneficiary CFR Infrastructura S.A. but given the continuous need to modernize the CFR network in Romania, we do not consider that there are significant risks.

7. EVALUATION OF ASPECTS RELATED TO THE COMPANY'S EMPLOYEES:

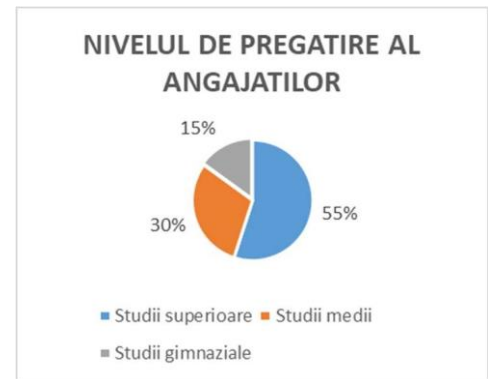
The high level of training of the employees allowed the company to undertake both productive activities and research development. In 2023 the average number of employees was 350, down by about 4.9% compared to the previous year.



The decreasing evolution occurred both due to the reorganization process started in September and due to natural causes (retirement).

The high level of training and qualification of the employees allows both the production of new benchmarks and the change of the workplace within the company, depending on the need.

During 2023 the employees of the company benefited from blood tests, flu vaccines, COVID testing, as well as various social benefits, mainly provided as a result of medical emergencies.



Relations between 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.

8. ENVIRONMENTAL IMPACT ASSESSMENT AND OCCUPATIONAL HEALTH AND SAFETY (OSH) :

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

Following the assessment of the compliance of Electromagnetica S.A. activity with the applicable legal and other requirements (authorizations, agreements, opinions) of environment, safety and health at work, to which the organization subscribes, it was found compliance with them.

In 2023 the company acted for the management of hazardous waste in accordance with the legal requirements, by handing them over to authorized companies, RIAN CONSULT SRL and ELECTRIC GREEN RECYCLING S. R. L.

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

The company has taken all necessary measures to comply with Law no. 90/2021 for amending and supplementing some normative acts, in order to transpose some legal acts of the European Union in the field of Environmental Protection and GEO No. 92/2021 on the waste regime, in terms of:

- Hazardous waste analysis bulletins;
- Decisions for the waste management officer;
- Waste prevention plan;
- Waste balance.

The program of compliance with the legal requirements imposed by law no. 90/2021 for amending and supplementing some normative acts, in order to transpose some legal acts of the European Union in the field of Environmental Protection and GEO No. 92/2021 on the waste regime and was designated by decision the waste management officer who participated in the appropriate external training.

It was carried out to reanalyze the hazardous substances used and the hazardous waste generated in the company for which the characterization must be carried out according to law no. 90/2021 for amending and supplementing some normative acts, in order to transpose some legal acts of the European Union in the field of Environmental Protection and GEO No. 92/2021 on the waste regime.

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

Also, the company analyzed the specific risks regarding the respect and protection of the environment and environmental requirements and planned their follow-up, emissions monitoring, efficient use of machinery and resources, correct waste management.

In the field of Occupational Safety and Health, the risks of injury and occupational disease on each workplace were analyzed. In these categories of risks it was planned to follow them through the Prevention and Protection Plan.

b) Communication (s) with interested external parties, including complaints.

In the period January-March 2023, were sent to the Environmental Protection Agency-Bucharest, the annual reports on:

- *waste management generated in Electromagnetica SA in 2022;*
- *centralizer of hazardous chemical substances and preparations used in society in 2022;*
- *centralizer of packaging placed on the market by the company in 2022;*
- *analysis bulletins for the environmental factor "wastewater" in 2022;*
- *inventory of emissions and immissions of gases in the atmosphere in 2022;*

In March 2023 the company submitted to the territorial Labor Inspectorate the updated lists of hazardous substances that were used in 2022.

During 2023, reports and analysis bulletins for wastewater resulting from the company's activity were sent to the competent authorities that monitor the environmental factors in Electromagnetica SA, respectively the national administration "Romanian Waters" and Apa Nova Bucuresti S. A.

Quarterly the monitoring of drinking water was ensured by carrying out analyzes at the Health Department of Bucharest.

In order to consult and involve employees in making decisions on safety and health measures at work, the Occupational Safety and Health Committee of which the general director is the president operates at the level of the company.

The committee consists of 7 members (3 persons from the employer, 3 employees' representatives and the occupational medicine doctor) and operates on the basis of its own regulations.

Reports and minutes of all meetings of the Occupational Safety and health committee have been prepared and sent to the competent authorities (Territorial Labor Inspectorate).

We mention that there were no complaints regarding environmental aspects in the activities carried out within Electromagnetica S. A.

In 2023 was registered an accident at work, route (a slight motorcycle accident on the way to work that did not require hospitalization). There were no suspicions of occupational diseases.

c) Environmental, Occupational safety and health performance of Electromagnetica S.A.

In order to control the environmental, safety and health aspects of the company, the following were undertaken:

c.1) Monitoring of environmental factors:

Water

Monthly wastewater analyses were performed, based on the contract concluded with BIOSOL PSI S.R.L. - Ploiesti. Wastewater samples were taken from the five wastewater discharge connections to the city sewer. The values of the concentrations of the analyzed pollutants were slightly above the permissible limit values provided in the normative on the conditions of wastewater discharge in the sewerage networks of localities and directly in the treatment plants, NTPA 002/ 2002, approved by GO no. 188/2002 for the approval of certain rules on the conditions of discharge into the aquatic environment of waters annex 2 (NTPA 002/2002).

There were performed quarterly disinfection of own water sources, respectively of the three medium depth boreholes and of the water storage basin.

The disinfection was carried out according to the provisions of the POM – 03 procedure “disinfection of own water sources, storage basins and verification of water drinking”.

Quarterly water potability analyses were performed from the micro-bacteriological and physico-chemical point of view by the laboratory of the Public Health Department of Bucharest, finding and being recorded on the test bulletins by the specialist doctor, respecting the limits allowed by law.

Air

Air emission and immission analyses were carried out on a semi-annual basis, based on the contract with SC TEDNOVA SRL. For emissions, air samples were taken from:

- Source S1-Central heating;
- Source S5-Tooling Department-mechanical processing machines and SDV;

In all cases, the concentrations of the analyzed pollutants were below the emission limit values allowed by order M.M.A.P. no. 462/1993 and government decision no. 699 of 2003 as well as under alert threshold according to M.M.A.P. order no.756 of 1997 for the approval of the regulation on environmental pollution assessment.

Air samples at imises:

Air samples were taken at three points-at the limit of the company's premises:

- I1-boundary enclosure, in the vicinity of the main access gate in the unit
- I2-boundary enclosure, in the vicinity of body no. 5
- I3-boundary enclosure, in the vicinity of body no. 4 (plastic band) the concentrations of

the analyzed pollutants are located below the limit values according to the M.M.A.P. order. 592 of 2002 and STAS 12574 of 1997 as well as below the alert thresholds according to order M.M.A.P no. 756 of 1997 for the approval of the regulation on environmental pollution assessment.

Waste

In order to comply with the provisions of Law No. 17/2023, regarding the waste regime, and GEO no. 92/2021 regarding the waste regime, GO no. 2/2021, GD no. 1061/2008 on the transport of hazardous and non-hazardous waste on the territory of Romania, GEO no. 5/2015 regarding the waste of Electrical and electronic equipment, the following were undertaken:

- the waste resulting from the production was handed over rhythmically in order to avoid the formation of stocks, to authorized economic agents with whom the company has contracts;
- hazardous waste and waste oil were handed over based on the contract with the company SC RIAN CONSULT SRL;
- the program for compliance with the legal requirements imposed by law no. 90/2021 for

amending and supplementing some normative acts, in order to transpose some legal acts of the European Union in the field of Environmental Protection

- the waste management officer was appointed by decision, who is trained according to the legislation in force;
- the reanalysis and classification of hazardous waste generated in SC Electromagnetica SA was carried out, for which the characterization must be carried out according to law 90/2021 for amending and supplementing some normative acts, in order to transpose some legal acts of the European Union in the field of Environmental Protection;
- the Waste Prevention Plan has been drawn up.

c.2) Monitoring Occupational Safety and Health risks

Occupational hazards monitoring

It was not necessary to determine the occupational hazards, the workplaces being within the conditions imposed by law for proper functioning.

Occupational risk assessment

Through regular checks and drawing up notes on Environment and safety and health at work, the coordinator of the Department of Environmental Management – Safety and Health at work made checks at workplaces on how to comply with the legal provisions regarding the preservation of employees' health and ensuring safety at work, as well as the way to protect the environment.

Grant of protective equipment

The company grants free of charge the protective equipment established and approved by the CSSM, depending on the totality of the risks at work. It is drawn up and kept, at the level of the workplace, the record with the equipment granted under the signature of the entitled employees.

Health analysis of employees Electromagnetica SA for 2023

The analysis of the employees' health status was made in compliance with and application of the norms resulting from law no. 319/2006 of safety and health at work, updated, of safety and Health at work and of GD no. 355/2007 on health surveillance of workers, updated. In QHSE the occupational medicine doctor presented these analyzes.

c.3) Authorizations and opinions

In December 2023, she was submitted to A.P.M. Bucuresti application for the annual Environmental Permit Visa with no. 72 of 04.03.2019, revised on 09.02.2021 – issued by the agency for Environmental Protection Bucharest which is valid indefinitely with the obligation of annual visitation. The visa was applied for the period 04.03.2024-04.03. 2025.

The water management authorization no. 627-B from 02.12.2019-issued by the National Administration" Romanian Waters", with a validity of 5 years, until 31.12.2024.

In June 2023, **a new Sanitary Authorization was obtained from the Public Health Department of Bucharest, with the number 756/29.06.2023.** This will be targeted annually, its validity being until 28.06.2024.

The takeover agreement no. 871/11.12. 2023 for the head office, issued by APA NOVA Bucuresti S.A., valid until 05.07.2024. The evacuation agreement 268/27.04. 2011 for the headquarters in Str. Veseliei, issued by APA NOVA Bucuresti S. A. It is valid indefinitely.

Water management authorizations for the ten small hydropower plants in Suceava County, issued by S.G.A. Suceava have been renewed and have validity terms until July 2026 and September 2027 respectively.

The environmental permits for the ten small hydropower plants in Suceava County are valid indefinitely with their annual targeting.

c.4) External inspections and audits

Between January 2023 and December 2023, an inspection by ITM Suceava took place, as a result of which no non – conformities were found.

9. EVALUATION OF DEVELOPMENT RESEARCH ACTIVITY

In 2023 the research-design and development activity was focused on two main directions: LED lighting devices and systems as well as equipment and charging stations for electric vehicles.

This activity was attended by the staff of the Design Research Department, the electrical and Communications Equipment Design Department, the photometry and Electromagnetic Compatibility Laboratory and the van Design Workshop. It is worth noting that most Electromagnetica products are of their own design and contain innovative solutions.

9.1. LED lighting devices and systems

9.1.1. LED lighting devices

Within the Research-design department were designed and completed the product ranges of the ElmaRO family of luminaires (LED luminaire with plastic housing and heat-conductive plastic radiator) intended for street lighting with new variants of equipment with telegraphy modules (in the range of power 18W-125W). Through these new equipment variants, the range of products from this family for street lighting has been expanded and modernized, with new technical and functional characteristics, so as to respond as best as possible to the market requirements. This family of street lighting equipment allows the company to reduce its dependence on imports from China, to reduce the supply time, respectively to shorten the manufacturing time. The integration of several manufacturing benchmarks in Electromagnetica S. A. (such as standard and thermo-conductive plastic table benchmarks – parts of the luminaire housing), determines the increase of added value per product.

The company also continued to expand the EVOCity product family with other new variants. These new variants are equipped with telegraphy modules (communication technologies 6LoWPAN, WiFi/ZigBee, LoRa) and sensors, being adapted to the new requirements of the luminaires market. These new variants, which correspond the requirements of the current market for equipment with remote management modules allow connection in SmartCity platforms and are similar in characteristics and operation to the products of top competitors.

Also, we mention the research and development of a method of sealing and sealing the fixing areas of the optical compartment for the heat-conductive plastic injected radiator, a technical solution that improves and ensures the fixation by thermal riveting to the products of the ElmaRO family. For the application of the sealing material, a robotic arm installation was developed that works in semi-automatic mode and that performs this leveling casting operation more accurately, safer and without operator intervention, increasing the productivity and quality of the manufacturing process.

Also, the company continues the implementation in the series production of Interior luminaires of pre-painted sheet metal (for product families: Sigma, Eris, Aries, Gemma, Atria, Argo), with the aim of diminishing and eliminating, as the case may be, collaborations for electrostatic painting. Pre-painted sheet is produced industrially on automatic production line, with uniform and controlled deposition of paint, offering a better quality of the painted surface and eliminating the transport of parts to painting (in collaboration) reducing the production cycle and implicitly the delivery times.

In the photometry laboratory was completed with very good results a study on the measurement of light degradation and evaluation of the life and performance of ElmaRO LED luminaires, in accordance with the standards SR EN 62722 and LM-84/TM-82.

It is worth mentioning that in 2023, 13 types of new luminaires were introduced in the current production and 5 types of new charging stations for electric cars. Thus, in the database are operational 197 types of LED luminaires, organized into 20 product families and 12 types of charging stations.

9.1.2. Lighting systems

In 2023, street lighting management projects were realized using 6LoWPAN, LoRa mesh and Lon-IoT communication technologies through power circuits. A complete mobile for radio actions in LoRa mesh networks was built, and in street lighting projects were integrated, as the case may be, video cameras for monitoring car traffic, PIR/D4i sensors for pedestrian crossings, parking sensors and artificial intelligence elements. It has also

been integrated into the 6LoWPAN Radio Network the visibility-fog sensor and software integrations in the platform for interaction with sensors and data publishing, artificial intelligence elements, the visibility sensor as well as the IoT automation of flashpoints are in development.

For 2024 we intend to continue the implementation of IoT solutions for Smart City including the development of artificial intelligence interactions with Neptune CMS (Paradox Engineering), iCIS CMS and SSIOT CMS (LVX Global) and SCSL CMS (Fonda Tech) software platforms through API technologies. We aim to complement our solutions with current artificial intelligence elements (detection of pedestrians in prohibited areas, detection of vehicles parked on the roadway, detection of vehicles moving in prohibited directions, monitoring crowds of people, detection of abnormal behavior in front of a charging station electric vehicles) and we aim to orient our development efforts towards Aerial robotix solutions as well.

9.2. Electric vehicle power equipment

In 2023, new models of AC stations were made using charging processors from the new series developed by Electromagnetica. Thus, an AC charging processor was designed and realized within the Design Research Department, which eliminated the need to purchase processors for AC charging stations, its manufacture within Electromagnetica S. A. allowing increased added value and greater flexibility in terms of market requirements. The AC charging processor is used in the 2X22KW dual charging station with OCPP and the 22kW Wallbox type station. The 2x22kw dual AC station has been certified and entered series production.

From the point of view of DC charging stations, in 2023 was realized 150kW variant of DC charging station. As performed, this new model can charge from 0 to 100% a 60kWh battery electric vehicle in less than 30 minutes.

Another important achievement is obtaining OCPP 1.6 certification for DC charging stations after testing by DNV GL (Netherlands), which confirms that the charging stations produced by ELECTROMAGNETICA S.A. comply with all load scenarios and can be used together with other software platforms that comply with this standard.

For the ELMotion platform, the year 2023 was extremely busy, being prepared a major application update. This will make the transition to wallet, a new graphical interface but also new interconnection options. The new version will allow station owners in ELMotion to benefit from a web API integration through which they can transmit commands and check States.

In 2024, simple 22kW AC stations with and without OCPP will be realized, as well as other models of charging stations requested by the market, based on the processor designed within the Design Research Department. The development of the processor for DC charging stations (CCS and CHAdeMO) will continue within the Design Research Department and it will be analyzed the realization of a fast DC charging station based on a processor developed within Electromagnetica S.A..

9.3. Railway safety elements ("CFR Relays")

In 2023 were approved 6 families of CFR relays (PIC relays, neutral type and fisa type) in accordance with the technical requirements in the railway field. This approval is repeated every 5 years. It has been revised and updated the documentation, updated the international standards and technical specifications, for the approval of the certification body. The relays were subjected to a set of complex tests in order to determine the technical capability of both the products and the manufacturing processes.

In 2024 the approvals for the products whose certificates will expire will continue.

10. QUALITY SYSTEM. CERTIFICATIONS & ATTESTATIONS

10.1. Quality policy

As in previous years, in 2023 Electromagnetica aims to ensure a **total compliance** to the explicit requirements and expectations of the customers as well as to the regulations and legal provisions. Consistent with the principles of the stated policy, the necessary resources were provided for:

- design, development, execution, marketing and after-sale support of the products and services offered to fully meet the requirements and expectations of our customers regarding quality, legal and regulatory requirements, as well as reasonable expectations of interested parties, using clean and safe technologies that lead to the improvement of environmental performance Occupational Health and safety;
- setting measurable annual targets and performance indicators adequate to maintain balance and societal development;
- maintaining the certifications of the Integrated Management System according to the reference standards;
- continuous improvement of the effectiveness of the Integrated Management System for the fulfillment of the policy and the achievement of the proposed objectives;
- monitoring, measurement and continuous improvement of the level of customer satisfaction;
- monitoring, measuring and ensuring economic efficiency in all actions undertaken in 2023.

In addition, in order to prepare the future sustainability report was opened on the website www.electromagnetica.ro a questionnaire that collects relevant data from all interested parties.

10.2. Certifications for management systems and laboratories

In 2023 All system certifications obtained previously were maintained.

a) Maintaining the certification of the Integrated General management System: **ISO 9001:2015** - "Quality management systems. Requirements."; **EN ISO 14001: 2015** - "Environmental management systems - requirements with user guide" and **ISO 45001:2018** "Occupational health management systems. Requirements and guidelines for use";

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

c) Surveillance 1 of photometric Laboratory and Electromagnetic Compatibility according to specific standard **ISO 17025 : 2018** .

10.3. Objectives and indicators

For the organized development of the activity, specific objectives were defined for each of the policies established by the executive management. In the context of compliance with the requirements of the standards according to which the Integrated Management System has been certified, measurable key performance indicators have been established, according to which the follow-up and evaluation of the obtained results are made.

According to the monitoring and reporting made in 2023 all the specific objectives were achieved and all the key indicators were respected.

10.4. Product certifications

The company's manufacturing complies with the requirements imposed by the following directives:

- Directive 2011/65 / EU on restrictions on the use of certain hazardous subsets in Electrical and electronic equipment;
- Directive 2012/19/EU on Waste electrical and electronic equipment
- Directive 2014/35 / EU-on the approximation of the laws of the Member States relating to the making available on the market of electrical equipment intended for use within certain voltage limits;
- Directive 2014/30 / EU on the approximation of the laws of the Member States relating to magnetic compatibility;
- Directive 2009/125 / EU establishing a framework for setting environmental design requirements for energy-related products

In 2023 the existing certifications of the products from the updated manufacturing portfolio were maintained.

10.5. Audits

Also in 2023 within the company were carried out 20 external audits by various institutions, respectively 3 system audits and 17 product manufacturing audits for certified products. External system audits:

- supervisory audit of the Integrated Management System, led by **AEROQ**
- supervisory audit **Quality management system on automotive products**, led by INTERTEK;
- re-crediting audit of photometric Laboratory and Electromagnetic Compatibility, **ISO 17025**, led by

RENAR.

External product audits:

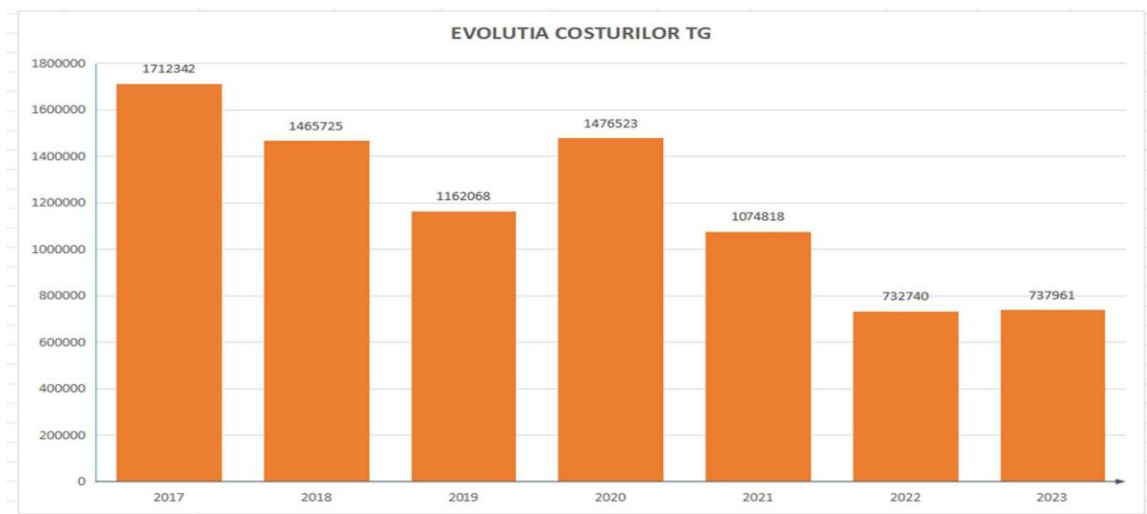
- a customer audit (**ABB**);
- 11 product manufacturing surveillance audits **ABB**, run by various certification bodies for various countries (**UL, CQC, CSA, IMQ, LCIE**);
- supervisory audit of luminaire manufacturing **EvoCity ENEC license**, led by **TUV RHEILAND**;
- supervisory audit of luminaire manufacturing **EvoCity ENEC+ license** led by **TUV RHEILAND**;
- supervisory audit of luminaire manufacturing **EvoCity**, led by **OICPE**;
- supervisory audit of luminaire manufacturing **ELMARo**, led by **OICP**.
- supervisory audit of luminaire manufacturing **SELENA**, led by **OICP**.

All external audits were completed without major non-compliance.

The internal audit activity was carried out according to the audit program for 2023.

10.6. Cost of damaged products under warranty

In **2023** the cost generated by guarantees ("TG") was capped, having a value similar to that of 2022.



A large part of the value of the costs assumed in 2023 (> 95%), is generated by the luminaires, especially by the related field work activities (dismantling and mounting on poles).

The forecast for 2024 is a decrease in TG costs, with a decrease in the share of luminaires and an increase in the share of costs with charging stations.

For the year **2024** are planned:

- maintaining the accreditation of the photometric Laboratory and Electromagnetic Compatibility;
- renouncing the certification of the Quality Management System for automotive products based on

plastic injection according to the standard **IATF 16949:2016** if production volumes for this type of products do not increase significantly in the first half of the year;

- maintaining the certifications of the Integrated General management System according to the standards **ISO 9001:2015**
- "Quality management systems. Requirements."; **EN ISO 14001: 2015** - "Environmental management systems - requirements with user guide" and **SR ISO 45001:2018** - "Occupational health management systems. Requirements and guidelines for use";
- maintaining the necessary product certifications for the products in the sales portfolio and giving up those for which equivalences can be made or cannot be justified in terms of production volumes;
- tracking the effectiveness and efficiency of the integrated management system through costs.

11. LEGAL DEPARTMENT - Compliance. Prevention. Debt recovery.

In 2023, as in previous years, the Legal Department provided assistance to the company's management through specialized analysis when there is suspicion of dysfunctionalities/difficulties in payment or in the case of companies with which the company has disputes, through legal assistance in signing contracts and by issuing notices or summonses. Also, the Directorate provides specific assistance in obtaining / prolonging certain documents / opinions and maintaining the licenses and certifications necessary for the company's activity.

The legal department has taken steps to recover receivables both through the simplified procedure of the payment ordinance and through actions in claims on the common law or by registering at the credal table in the case of insolvent companies, there are numerous trips to the courts all over the country for supporting cases on deadlines.

On 31.12.2023, the legal department had initiated and ongoing 16 insolvency files, 57 enforcement files, 37 claims action files, 9 files for dissolution of contracts and deregistration mention Registered office/work point from the Trade Register, 5 property disputes (land outside the main office) and two criminal complaints for destruction at MHCs in Northern Moldova. Electromagnetica had in 2023 a labor dispute and two actions in claims, the most important of which amounting to approx. 165,000 lei was rejected by the court.

Being a joint stock company, listed on the stock exchange, with over 6,000 shareholders, the company has multiple obligations for both periodic and continuous reporting (on its own website and on the websites bvb.ro and asfromania.ro), mentioned in Law no. 31 / 1990 republished the companies as well as the Specific Legislation (Law no. 24/2017 on issuers of financial instruments and market operations, Regulation No. 5 of the F. S. A. on issuers of financial instruments and market operations as well as the B.V.B. Code), which are ensured by the Legal Department.

Also, the legal direction takes care of convening and conducting the boards of Directors as well as of the General Meetings of the shareholders, including the drafting of minutes, decisions and decisions as well as the publication of specific reports on bvb.ro, asfromania.ro and its own website.

Complementary to the information regarding the specific legislation regarding the human resources activity, the employees of the Legal Department provided support in specific cases such as disciplinary research , signing of addendums to the employment contract , drawing up / modifying job descriptions, analyzing applications and finding solutions for granting aid to employees with serious health problems as well as to the negotiation, signing and annual registration of the collective labor agreement.

When there is a control from a central institution (ANAF, Competition Council, ITM) or local (District 5 City Hall, local police) an employee of the legal department participates in all phases of the control ensuring that, in full legality, the interests of the company are defended and there is no risk of abuses.

12. RISK MANAGEMENT OBJECTIVES AND POLICIES. RISK FACTORS.

Risk management policies are defined in such a way as to ensure the identification, analysis, prevention and management of risks faced by the company, while setting exposure limits. Risk management policy provides effective means of control and a conducive environment in which all employees understand their roles and

obligations.

Market risk (includes price risk and involves risk due to changes in technology)

Among the markets in which the company operates, the energy market is the one with the highest risk of price and legislative changes. However, taking certain risk reduction measures (energy acquisition at firm and long-term prices, analysis of the creditworthiness of contractual partners, supply of electricity to power stations the production and supply of electricity were (both individually and together) profitable business segments. Electromagnetica S.A. has been operating for many years on this market (over 20) and already has a good reputation as a reliable partner.

With regard to LED lighting systems, the products have been designed so that they can be used in different conditions and requirements on the light control side using various telegraphy systems that can be applied on the bodies produced by the company. ELMA products accept diverse systems solutions that keep up with current technologies and are not limited to one manufacturer. In terms of charging stations, demand is constant and growing, and is affected by new developments in technology and potential legislative changes.

Currency risk

The company is exposed to (limited) currency risk due to the fact that the supply of materials is made largely from imports. In order to limit the effect of foreign exchange, the timing of payments was correlated with that of foreign currency receipts, the company achieving, as a rule, surplus cash flow. The change in prices for raw materials and materials required the continuous review of cost prices. In order to maintain some products in a state of profitability, some of the prices have been renegotiated and the related technological processes have been improved.

Risk of default

The credit risk consists in the event that the contracting parties breach their contractual obligations leading to financial losses for the company. Where possible and market practice allows the company to request guarantees. Commercial receivables come from a wide range of clients operating in various fields of activity and in different geographical areas. In order to counteract this risk factor, the company has applied pre-contractual verification policies for customers (such as RISCO and COFACE reports). Insurance policies were contracted for claims on the foreign market.

The company's management makes a consistent effort to recover commercial receivables and have made constant steps (eg. payment orders), some of them followed by court actions (payment orders) and then, as the case may be, forced execution. In parallel, internal measures were also taken, both in terms of trade policy and related to the reorganization of the commercial direction.

Liquidity risk and cash flow

The treasury function of the company involves forecasting the liquidity reserve and maintaining an adequate level of credit facilities, so that it can prudently manage liquidity and cash - flow risks. The company has open lines of credit and letters of Bank Guarantee, up to 60% of the total fixed assets, less receivables, so that the company can honor its obligations in case of short-term cash deficits. At the same time, the investments were limited to their own sources of financing, setting priorities according to the current needs of Electromagnetica Business Park as well as the most profitable and/or developing sectors. Liquidity and cash-flow risk management policy must adapt to new, more demanding business practices. This risk is closely related to the risks presented above.

Data protection and processing risk

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

Risk of sanctions

The company manages these risks through preventive actions. This involves, among other things, monitoring legislative changes and informing colleagues, participating in courses and seminars (labor legislation, competition, GDPR - personal data protection, risk management and corporate governance, etc.) and not in the last row, compliance courses with the employees involved. Recall that in 2021 was developed, among other things, a **Competition rules compliance manual** which was approved in the Board of Directors and subsequently acquired by all employees in sales, procurement and energy production and supply department.

Litigation. Litigation risk

Disputes in which the company is involved **do not have** values that affect the financial stability of the company especially since in the vast majority of cases Electromagnetica is in the position of creditor. The two cases of claims against Electromagnetica, pending before the courts, do not exceed 0.4% of the turnover. In all cases, including those as creditors to companies in insolvency / bankruptcy, procedural positions were formulated, in most cases being ensured presence at each procedural term.

Risks covered by insurance policies

Among them are: the risk of natural disasters, the risk of accidental damage, the risk of business interruption, the risk of recovering the debts of various debtors, the risk of injury of exposed employees, the protection of assets through insurance, liability to third parties, liability as producer, professional liability for some professions, liability of administrators. The activity of producing electricity in low power plants (without reservoirs) is subject to risks of destruction caused by floods. In these circumstances, the company acted in the sense of concluding insurance policies against disasters to protect the MHCs as well as the buildings of the headquarters.

13. ELEMENTS OF PERSPECTIVE

13.1. Presentation and analysis of trends, elements, events or uncertainty factors that could affect the profitability and liquidity of the company compared to the same period of the previous year.

Market trends

LED lighting technology is preferred in all major lighting modernization projects so that the potential for sale (including for the products in stock) is preserved. In order to increase the competitiveness, it is necessary to increase the quality of the products to a level that allows the extension of the warranty period and the decrease of the replacement costs. Another market trend is the increase in revenues from activities related to the production of LED luminaires, for example through installation design and assembly services.

According to our estimations, the market of vehicle charging stations will develop in a sustained way, more and more companies and local authorities having in the project the payment of electric vehicle charging stations, some acquisitions being stimulated by the aforementioned financing programs

In the energy market, at the moment, the price has a downward trend, below the values of the ceilings imposed for industrial consumers. The rapid growth of renewable energy generation capacities, in order to meet the EU targets, should help maintain the downward trend in electricity prices. Although the price of energy is on a downward trend, due to the tense situation at regional and global level (including ongoing conflicts) it can have unpredictable variations.

13.2. Forecasts and projects for the year 2024

Sale of lighting systems and charging stations:

For 2024, the company will prioritize the sale of the products in stock, both in terms of lighting and

related to charging stations both by direct sale and by participating in auctions. We expect auctions for power stations to increase.

Production and sale / supply of electricity

In 2024 the main directions of action will be:

- Making the best possible use at the new prices in the energy market and of the green certificates produced by the 10 micro-hydropower plants through the client portfolio
- Finding new end customers (even older customers with whom we had a good collaboration), with a good consumption profile (like linear consumption or with a significant load at night)
- Increase the amount of Energy sold at electric car charging stations.

Management and capitalization of real estate assets

Electromagnetica S. A. estimates a **similar degree of load of spaces** and in 2024. However, taking into account certain clauses introduced in the lease agreement, designed to reduce the risk of non-payment and non-release of space, as well as the increase in the supply of spaces for rent, it is possible that the company will record a decrease of up to 10% in the degree of load, offset by an increase in average revenues per sqm rented.

Plastic injection

It will keep relatively constant for tool boxes and electrical appliances. Management will aim to offset the decline in automotive volume by winning new projects.

CFR safety elements

There are ongoing contracts with delivery in Q1 2024 as well as advanced discussions for concluding new contracts for the purchase of products. We believe, based on the data so far, that at least 85% of last year's value will be achieved

Sourcing activity

Electromagnetica aims to pay increased attention to the planning of the supply activity based on the medium and long term forecasts received from the sales and export departments, maintaining close relationship with suppliers so as to keep costs under control and to ensure the materials on time and in the same terms of technical and qualitative performance.

13.3. Expected investments in 2024

In 2024 the investments will be mainly oriented in maintenance and modernization activities, most of them at the micro-hydropower plants in the county. Suceava but also at the headquarters (Electromagnetica Business Park) in Bucharest including the continuation of the implementation of an increase in the power capacity of 0.75 MW).

14. TANGIBLE ASSETS OF THE COMPANY:

The production capacities of the company are located, mainly, at the headquarters, on Calea Rahovei 266-268, 5th district, Bucharest, except for the electricity production capacities in SRE, which are located in Suceava River Basin, Radauti area, on a length of about 70 km. The production capacities of the company refer to technologies for the production of LED luminaires, electric vehicle charging stations, plastic injection, mold making, technological assembly operations, etc. They are characterized by complexity, accuracy, flexibility, automation, etc. The spaces for rent are exclusively in Bucharest and Ilfov county, most of them at the headquarters in Calea Rahovei 266-268, where they are rented approx. 33,000 sq.

The company owns land and constructions in Bucharest, Ilfov county and Dambovită county. For three of the lands in Bucharest, feasibility studies for real estate development were carried out and subsequently rent. Also, in order to diversify the portfolio of activities and for a better exploitation of land were carried out feasibility studies for the lands with agricultural potential.

The company does not have disputes related to the ownership of its land.

15. SECURITIES VALUES MARKET

15.1. Stock price evolution:

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

Market symbol **ELMA**

Ordinary shares, nominative, dematerialized

number of shares issued: **676.038.704**

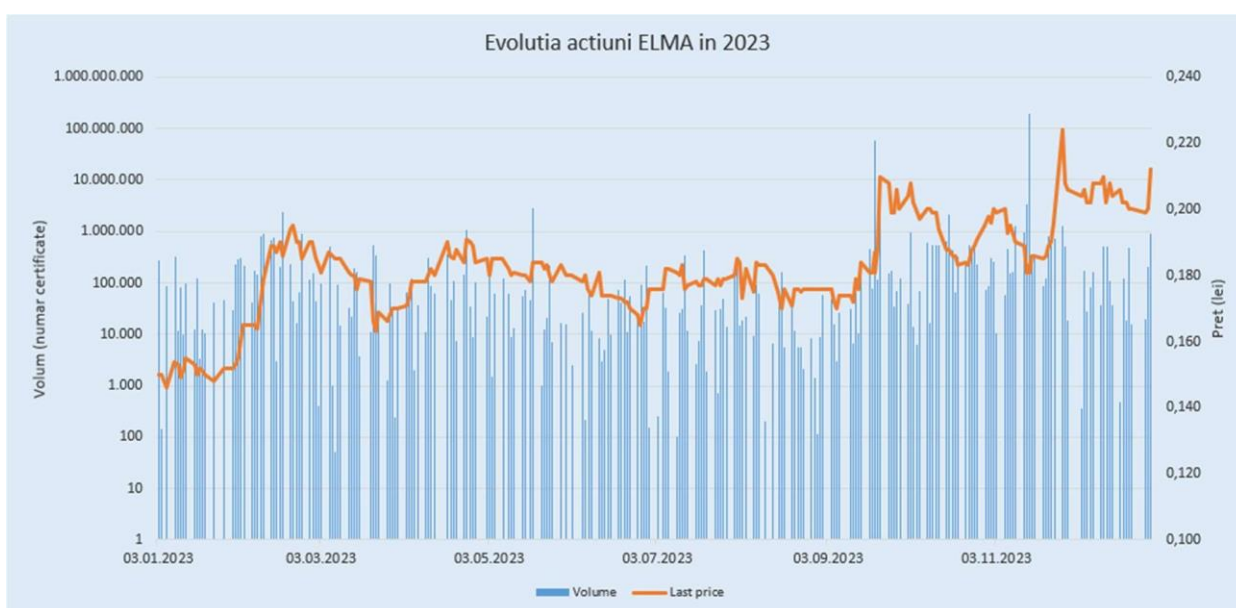
Nominal value: **0.1000 lei**

Share Capital: **67,603,870. 40 lei**

ISIN code **ROELMAACNOR2**

Code LEI: **254900MYW7D8IGEFRG38**

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



During 2023 were traded (on all markets) 304,144,064 shares representing 44.99% of the total number of shares, at an average price of 0.1856 lei/share. The reference price fluctuated between a minimum of 0.1460 lei/share and a maximum of 0.2240 lei/share. The shares have been on an upward trend recording highs in the last 5 years. An example is the fact that the 2022 stock maximum was the 2023 stock minimum.

15.2. Dividends granted:

Electromagnetica S.A. has always taken into account the interest of shareholders both in terms of development policy and in terms of granting dividends. When financial results allowed Electromagnetica S.A. awarded dividends to shareholders. Thus, in 2023 (for 2022,) a unit dividend of 0.005 lei/share was granted, increasing by 25% compared to the previous one. Regarding the year for which it is reported, the decision will be taken at the G.A.A. in April 2024.

16. INDIVIDUAL FINANCIAL STATEMENT AS AT DECEMBER 31, 2023 (ALL AMOUNTS ARE EXPRESSED IN LEI, UNLESS OTHERWISE SPECIFIED)

16.1. Position financial

	December 31 2023	December 31 2022 restated	December 31 2021 restated
ASSETS			
Non-current assets			
Property, plant and equipment	284.561.365	309.248.377	319.558.500
Real estate investments	17.709.588	16.573.349	14.649.783
Intangible assets	566.310	787.901	141.598
Investments in affiliated entities	842.008	841.908	841.908
Other long-term non-current assets	6.606.482	9.920.728	14.540.480
Rights of use assets	1.399.694	2.160.053	1.433.898
Total non-current assets	311.685.446	339.532.316	351.166.167
Current assets			
Stocks	18.715.189	27.357.022	22.234.669
Commercial receivables	35.380.716	63.443.787	64.086.049
Cash and cash equivalents	25.138.900	10.713.669	2.923.410
Other current assets	1.666.030	1.699.960	2.069.666
Current tax claim	1.703.829	1.055.191	1.112.250
Total current assets	82.604.665	104.269.629	92.426.044
Total assets	394.290.111	443.801.945	443.592.211
EQUITY AND LIABILITIES			
Equity			
Share Capital	67.603.870	67.603.870	67.603.870
Reserves and other equity items	215.108.527	196.462.928	216.140.275
Retained earnings	63.035.361	115.884.803	72.895.162
Total equity attributable to shareholders of the company	345.747.758	379.951.600	356.639.307
Long-term liabilities			
Commercial and other liabilities	867.718	700.176	975.819
Investment grants	3.757.433	3.920.651	4.083.869
Deferred tax liabilities	15.983.096	22.429.646	23.318.956
Lease liabilities	724.064	1.299.749	794.234
Total long-term liabilities	21.332.310	28.350.222	29.172.878
Current liabilities			
Commercial and other liabilities	24.920.540	32.243.773	54.594.629
Investment grants	163.219	163.219	163.219
Provisions	1.405.436	2.199.338	2.341.163
Lease liabilities	720.847	893.792	681.015
Total current liabilities	27.210.043	35.500.123	57.780.025
Total liabilities	48.542.353	63.850.345	86.952.904
Total equity and liabilities	394.290.111	443.801.945	443.592.211

16.2. The individual profit and loss result is presented as follows:

	12-month period ended December 31 2023	12-month period ended December 31 2022 (restated)
Revenue	195.013.303	225.964.727
Investment income	1.070.840	638.614
Other income and expenses, net	(14.567.429)	4.471.866
Change in the stock of finished products and production in progress execution	7.841.706	17.222.428
Activity performed by the entity and capitalized	2.219.694	2.229.197
Raw materials and consumables used	(102.147.473)	(123.780.118)
Employee expenses	(39.300.725)	(36.050.893)
Depreciation and amortization expense	(33.639.220)	(15.043.289)
Other expenses	(52.616.839)	(49.657.259)
Financial expenses	(461.737)	(1.129.564)
Profit/loss before tax	(36.587.880)	24.865.711
Corporate tax	5.554.791	(1.553.418)
Period profit	(31.033.088)	23.312.293

16.3. Cash flows Statement

	December 31 2023	December 31 2022
Net cash used in operating activities	22.797.746	29.743.975
Net cash used in investment activities	(4.194.877)	302.310
Net cash used in financing activities	(4.177.638)	(22.256.026)
(Decrease) net cash and equivalents of cash	14.425.232	7.790.259
Cash and cash equivalents at the beginning of the period	10.713.669	2.923.410
Cash and cash equivalents at end of period	25.138.900	10.713.669

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

There are no important events that affect the results of last year or the development of Electromagnetica activity in 2024

18. CORPORATE GOVERNANCE STATEMENT:

18.1. Relevant corporate governance code

The company's management believes that a high level of transparency, continuous and real-time communication of important information along with investor protection is the key to long-term support of the company's development strategy by shareholders and maximizing the value of the shares.

Strict application of the incident Legal Framework (Law No. 31/1990-companies law, republished; law no. 24/2017 on issuers of financial instruments and market operations; ASF Regulation No. 5/2018 on

issuers of financial instruments and market operations and the Bucharest Stock Exchange Code) offer the premises for compliance with the corporate governance requirements established at international level.

The board of Directors decided to voluntarily apply the Corporate Governance Code of BVB with the mention that, according to the specifics of the company, some provisions will be partially respected. The current state of compliance with the GCC of the B.V.B., The reasons for the partial application and the measures taken to achieve the corporate governance objectives are set out in the Annex to the Corporate Governance Statement published together with this report.

18.2. General meetings and rights shareholders

The rights of shareholders and the procedure for participation in the general meetings of shareholders are mentioned in the convening notice of the general meetings and have been summarized in a regulation, available in the Corporate Governance section on the company's website at <https://www.electromagnetica.ro/investitori-info/>

18.3. Administration system

Currently the management system is a unitary one, the company being led by a Board of Directors consisting of 5 members.

18.4. Governance structures corporate

The main Management, Management and supervisory structures of the company are the Board of Directors, Executive Directors, Audit Committee, external auditor and internal auditor.

18.4.1 Board of directors (BoD)

In 2023, a system with 7 administrators was changed to one with 5 administrators. Chronologically the evolution of the Board of Directors was as follows:

BoD composed of 7 members:

The election of the board members was made by cumulative vote at the OGMS of September 19, 2019, the candidates being proposed by the shareholders.

Period: 01.01.2023 – 28.05.2023

Name	Position	Term of office	Profession	ELMA Individual stock holdings	Positions held in other listed companies
Scheusan Eugen	Board of Directors President	18 oct 2019 18 oct 2023	Licensed in engineering,	0.2428%	-
Stancu Traian	Board of Directors Member	18 oct 2019 18 oct 2023	Licensed in engineering,	0.0462%	-
Stancu Ioan	Board of Directors Member	18 oct 2019 18 oct 2023	Technician	0.0027%	-
Octavian Macovei	Board of Directors Member	18 oct 2019 18 oct 2023	Licensed in engineering,	0 %	-
Busu Cristian	Board of Directors Member	28 sept 2021 18 oct 2023	Licensed in economics	0 %	
Zoescu Mihai	Board of Directors Member	28 sept 2021 18 oct 2023	Licensed in economics	0 %	Biofarm SA-Financial Manager Infinity Capital Investments- Board of Directors member
Cristina Gagea-Gabriela	Board of Directors Member	August 15, 2022 28-29 apr 2023	Licensed in economics	0 %	Casa de Bucovina Club de Munte SA - Board of Directors member

Period: 28.05.2023 – 03.07.2023

Name	Position	Term of office	Profession	ELMA Individual stock holdings	Positions held in other listed companies
Scheusan Eugen	Board of Directors President	18 oct 2019 18 oct 2023	Licensed in engineering,	0.2428%	-
Stancu Traian	Board of Directors Member	18 oct 2019 18 oct 2023	Licensed in engineering,	0.0462%	-
Stancu Ioan	Board of Directors Member	18 oct 2019 18 oct 2023	Technician	0.0027%	-
Mihail Stoica	Board of Directors Member	02 May 2023 03 Jul 2023	Licensed in engineering,	0 %	-
Busu Cristian	Board of Directors Member	28 sept 2021 18 oct 2023	Licensed in economics	0 %	-
Zoescu Mihai	Board of Directors Member	28 sept 2021 18 oct 2023	Licensed in economics	0 %	Biofarm SA- Financial Manager Infinity Capital Investments- Board of Directors Member
Gagea Cristina- Gabriela	Board of Directors Member	August 15, 2022 28-29 apr 2023	Licensed in economics	0 %	Casa de Bucovina Club de Munte SA - Board of Directors

Period: 03.07.2023 – 18.10.2023

Name	Position	Term of office	Profession	ELMA Individual stock holdings	Positions held in other listed companies
Scheusan Eugen	Board of Directors President	18 oct 2019 18 oct 2023	Licensed in engineering,	0.2428%	-
Stancu Traian	Board of Directors Member	18 oct 2019 18 oct 2023	Licensed in engineering,	0.046 2 %	-
Stancu Traian	Board of Directors Member	18 oct 2019 18 oct 2023	Licensed in engineering,	0.046 2 %	-
Stancu Ioan	Board of Directors Member	18 oct 2019 18 oct 2023	Technician	0.002 7 %	-
Cioaca Sorin- Iulian	Board of Directors Member	03 Jul 2023 18 oct 2023	Bachelor of Science in mathematics	%	Infinity Capital Investments-Board of Directors President
Busu Cristian	Board of Directors Member	28 sept 2021 18 oct 2023	Doctor in Economy	0 %	-

Zoescu Mihai	Board of Directors Member	28 sept 2021 18 oct 2023	Economist	0 %	Biofarm SA- Financial Manager Infinity Capital Investments- Board of Directors Member
Cristina Gagea- Gabriela	Board of Directors Member	August 15, 2022 28-29 apr 2023	Economist	0 %	Casa de Bucovina Club de Munte SA - Board of Directors member

The election of the board members was made by cumulative vote at the OGMS of 03 July 2023, the candidates being appointed by the shareholders.

Period : 18.10.2023-31.12.2023

Name	Position	Term of office	Profession	ELMA Individual stock holdings	Positions held in other listed companies
Daniela-Adi Cucu		18 oct 2023 18 oct 2027	Licensed in legal sciences,	0 %	-
Cristina-Gabriela Gagea	Board of Directors Member	18 oct 2023 18 oct 2027	Licensed in economic sciences,	0 %	Casa de Bucovina Club de Munte SA - Board of Directors member
Sorin-Iulian Cioaca	Board of Directors Member	18 oct 2023 18 oct 2027	Licensed in mathematics and economics,	0 %	Infinity Capital Investments-Board of Directors, President
Mihai Trifu	Board of Directors Member	18 oct 2023 18 oct 2027	Licensed in economic sciences	0%	Infinity Capital Investments-Board of Directors, Vice President
Scheusan Eugen	Board of Directors Member	18 oct 2023 18 oct 2027	Licensed in engineering	0.2428 %	

The majority of board members are non-executive directors so a balance of authority is ensured. In 2023 the Board of Directors met at least monthly, all members being present in person or using voting by correspondence. The level of indemnities of the members is established by the decision of the shareholders in the general meeting.

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

18.4.2. Directors

According to the statutory provisions and the decision of the first Board of Directors since the establishment, the president of the Board of Directors can also be the General Director and legally represent the company. The board of Directors shall delegate part of its powers to one or more directors on the basis of mandate contracts, fixing their tasks at the same time. The executive leadership during 2023 was ensured as follows:

A. Period: 01.01.2023 – 04.04.2023

Name/ Surname	Quality	ELMA Individual stock holdings	Other positions held in listed companies
Scheusan Eugen	General Manager	0.2428 %	-
Macovei Octavian	Technical Director	0%	-
Florea Cristina	Economic Director	0%	-
Stoica Mihail	Commercial Director	0%	-

B. Period: 04.04.2023 – 18.10.2023

Name/ Surname	Quality	ELMA Individual stock holdings	Other positions held in listed companies
Scheusan Eugen	General Manager	0.2428 %	-
Macovei Octavian	Technical Director	0%	-
Florea Cristina	Economic Director	0%	-
Stoica Mihail	Commercial Director	0%	-
Daniela-Adi	Legal Director	0%	-
Monica Stanila	Property Manager	0%	-

C. Period : 18.10.2023 – 01.11.2023

Name/ Surname	Quality	ELMA Individual stock holdings	Other positions held in listed companies
Daniela-Adi	General Manager	0 %	-
Florea Cristina	Economic Director	0 %	-

D. Period: 01.11.2023 – 13.11.2023

Name/ Surname	Quality	ELMA Individual stock holdings	Other positions held in listed companies
Daniela-Adi	Legal Director	0 %	-
Andrei Bobar	Deputy Director - General	0 %	-
Florea Cristina	Economic Director	0 %	-

E. Period: 14.11.2023 – 19.11.2023

Name/ Surname	Quality	ELMA Individual stock holdings	Other positions held in listed companies
Daniela-Adi	Legal Director	0 %	-
Andrei Bobar	Deputy Director - General	0 %	-

F. Period: 20.11.2023 – 18.12.2023

Name/ Surname	Quality	ELMA Individual stock holdings	Other positions held in listed companies
Daniela-Adi	Legal Director	0 %	-
Andrei Bobar	Deputy Director - General	0 %	-
Cristian Radu	Chief Financial Officer	0 %	-

G. Period: 19.12.2023-31.12.2023

Name/ Surname	Quality	ELMA Individual stock holdings	Other positions held in listed companies
Daniela-Adi	General Manager	0 %	-
Cristian Radu	Chief Financial Officer	0 %	-

The remuneration of the directors is determined by the decision of the Board of Directors. Annual gross remuneration and other advantages, including that approved by A.G.A. through B.V.C., due to management may not exceed 5% of the value of equity, established by the annual balance sheet.

For compliance with the legal obligations introduced by Law no. 158/2020 by which Law no. 24/2017 on issuers of financial instruments and market operations, the remuneration policy of directors, executive directors and members of the Audit Committee was developed, which was approved at the 2021 GMS. This remuneration policy was completed on 26.04.2022 with the specifications published on www.bvb.ro and www.electromagnetica.ro.

18.4.3. Independent external auditor

Following the OGMS 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 Code RO 7756924,

Trade Registry number 40/6775/1995

Authorization Chamber of financial auditors of Romania no.25/25.06.
2001

Company headquarters-Bucharest, 1st district, Calea Grivitei 82-98, building,, The
Mark” Phone number 021/222.16.61, Fax 021/319. 51. 00

18.4.4. Internal control

The Board of Directors shall work closely with the Audit Committee, Internal Auditor and financial control on matters relating to financial reporting, internal control and risk management. The management experience and professional training of the board members allow them to appreciate the effectiveness of the internal control system.

The company has an internal/managerial control system, the design and application of which allow the executive management and the board of directors to provide a reasonable assurance that the company's funds allocated for the purpose of meeting the general and specific objectives have been used in conditions of legality, regularity, efficiency and economy. The internal / managerial control system includes both self-control mechanisms and subsequent control carried out through the Office of budgetary follow-up and execution and the internal auditor, respectively the Audit Committee, and the application of measures aimed at increasing its effectiveness are based on risk assessment.

The internal accounting and financial control of the company was applied in order to ensure an accounting management and a financial tracking of the company's activity. The internal control activity was aimed at:

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

The control activity was carried out with the Internal Auditor, taking into account his recommendations and observations

18.4.5. Audit Committee

In accordance with the provisions of the audit law no. 162/2017 and EU Regulation No. 537/2014 on Audit and with the recommendations of BVB for listed companies, the Board of Directors decided in 2018 to

set up an Audit Committee.

It is an important structure within corporate governance, providing in many cases interface with the statutory financial auditor and having an important role in the preparation of annual audit reports and the proper functioning of the company.

The audit committee determines the responsibilities regarding: the quality and integrity of the company's financial statements; the company's compliance with legal and regulatory requirements; the company's risk management process globally; performing the company's internal audit function.

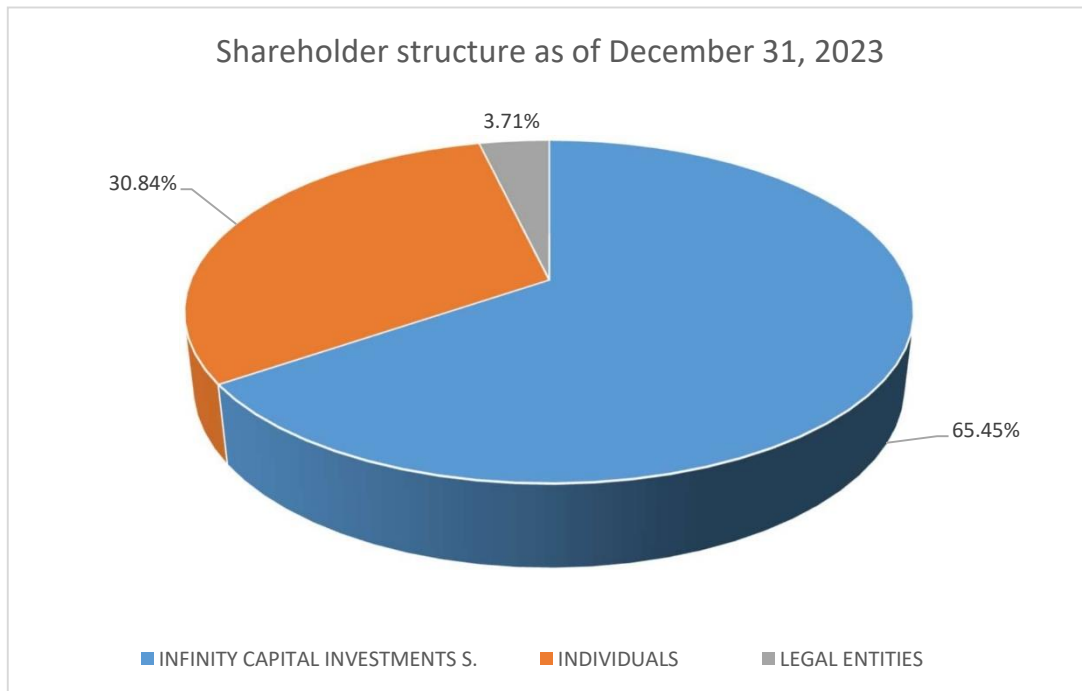
It also approves the audit program and coordinates the work of the internal auditor which is an outsourced service.

During 2023, 4 audit missions were carried out, as follows:

- audit of insurance activity financial resources
- audit of the contracting activity verification of the implementation mode on the recommendations made by the internal auditor in the missions carried out in the period 01.01.2022-31.12.2022.
- audit of electricity supply activity
- audit of inventory activity

The Audit Committee of Electromagnetica consists of: Ms. Cristina-Gabriela GAGEA, President; Mr. Sorin-Iulian CIOACA, member; Mr. Mihai TRIFU, member

18.5. Capital structure and significant shareholders:



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

Directors in a potential conflict of interest shall inform the board and refrain from debating matters and voting. Transactions with the parties involved are concluded on non-preferential terms and are negotiated by management members who are not related to the parties involved, being reported to ASF and BVB, if applicable. The external auditor will appropriately report and analyze these transactions in his or her report. The company prepares and updates the list of persons presumed to have access to inside information. Annually, the directors and directors of the company and of the other affiliated parties give statements on their own responsibility regarding conflicts of interest and non-disclosure of competitive activities.

18.7. Acquisition of own shares

There is no share repurchase or price stabilization program and there is no share granting scheme for employees or management.

18.8. Reporting transactions of directors and other persons involved with the company's shares

The company does not apply additional rules, other than those provided by the legal norms, regarding the transactions with the company's shares made by the directors or other persons involved.

During 2023 according to EU Regulation No. 596/2014 art 3 Para (25) si (26), art 19 para (1) and (8) and EU Regulation no. 523/2016, four such notifications were received from Infinity Capital Partners S.A. (two notifications) after reaching the thresholds of 33 % and subsequently of 50% respectively from the parties that sold at that time and fell below 5 % (S.I.F. Muntenia and P.A.S. Electromagnetica).

Notifications are available on www.electromagnetica.ro respectively www.bvb.ro

18.9. Amendments to the articles of incorporation

The articles of incorporation have been updated to :

- April 27, 2023 by amending art. 16, pp. 16.1, the change of the Board of Directors component, namely the appointment of Mrs. Cristina-Gabriela GAGEA (former interim administrator) until the end of the mandate
- 03 July 2023 by amending art. 16, pp. 16.1, the change of the Board of Directors component, namely the appointment of Mr. Sorin – Iulian CIOACA (former provisional administrator) until the end of the mandate.
- October 18, 2023 by amending art. 16, pp. 16.1, change of the number (decrease from 7 to 5 members) and of the Board of Directors component according to the G.A.A. decision of 03.07.2023,

18.10. Dissemination of information corporate

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

During 2023 the dissemination of information was made in Romanian and in English, for those categories of documents provided by the applicable legal framework. There were organized meetings with investors and analysts on 20.02.2023, 15.05.2023, 11.08.2023 and 13.11.2023.

The company encourages communication with shareholders through the section **Investors** from its Web page available at <https://www.electromagnetica.ro/investitori-info/> and for additional information investors can address at tel 021.404.21.31, fax: 021.404.21.95 and email: juridic@electromagnetica.ro .

Attached to this report is the Corporate Governance Statement

Board of Directors President/General Manager
Daniela-Adi Cucu



Chief Financial Officer
Cristian Radu



ANNEX TO THE CORPORATE GOVERNANCE STATEMENT

Provisions of the BVB GCC	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
A. 1. All companies must have an internal board regulation that includes the terms of reference/responsibilities of the board and key management functions of the company, and that applies the general principles of Section A.	Complies		
A. 2. Provisions for the management of conflicts of interest should be included in the council regulation. In any event, the members of the Council shall notify the Council of any conflicts of interest which have or may arise and shall refrain from participating in the discussions (by no-show, unless a no-show would prevent the formation of a quorum) and from voting for a decision on the issue giving rise to the conflict of interest.	Complies		
A. 3. The Board of Directors or Supervisory Board shall consist of at least five members.	Complies		
A. 4. Most members of the Board of Directors must not have an executive position. At least one member the Board of directors or the Supervisory Board shall be independent in the case of companies in the Standard category. In the case of premium companies, no less than two non-executive members of the management board or Supervisory Board shall be independent. Each independent member of the Management Board or supervisory board, as the case may be, shall submit a declaration at the time of his nomination for election or re-election and when any change in his status occurs, indicating that he is independent of his character and judgment and according to the following criteria:		Partially complies	Of the 5 members of the Board of Directors, one is an executive director and 4 Non-Executive Members; 1 member is independent

A. 4. 1. is not a Executive Director / General Manager of the company or of a company controlled by it and has not held a such function in the last five (5) years;		Partially complies	Of the 5 members of the Board of Directors, 4 are not independent according to A. 4.4.
A. 4. 2. Is not an employee of the company or of a company controlled by it and has not held such a position in last five (5) years;			
A. 4. 3. Does not receive and has not received additional remuneration or other advantages from the company or a company controlled by it, other than those corresponding to the quality of non-executive director;			
A. 4. 4. is not or was not an employee or does not have or did not have during the previous year a contractual relationship with a significant shareholder of the company, controlling shareholder over 10% from voting rights, or with a company controlled by it;			
A. 4. 5. has not and has not had in the previous year a business or professional relationship with the company or with a company controlled by it, either directly or in the capacity of customer, partner, shareholder, board member/Administrator, managing director/executive director or employee of a company if, by its substantial nature, this ratio may affect their objectivity;	Complies		
A. 4. 6. is not and has not been for the last three years the external or internal auditor or partner or salaried associate of the current external financial auditor or internal auditor of the company or of a company controlled by this;	Complies		
A. 4. 7. is not a managing director / executive director of another company where another managing director / executive director of the company is a non-executive director;	Complies		
A. 4. 8. he was not a non-executive director of the company a period of more than twelve years;	Complies		
A. 4. 9. has no family ties with a person in the situations referred to in points A. 4.1. and A. 4. 4.	Complies		

A. 5. Other relatively permanent professional commitments and obligations of a board member, including executive and non-executive positions on the Board of non-profit companies and institutions, must be disclosed to shareholders and prospective investors prior to nomination and during his mandate.	Complies		
A. 6. Any member of the board must submit to the Board information on any relationship with a shareholder who directly or indirectly owns shares representing more than 5% of all voting rights. This obligation covers any kind of report that may affect the position of the member on matters decided by the Council.	Complies		
A. 7. The company must appoint a secretary of Council responsible for supporting the work of the Council.	Complies		
A. 8. The Corporate Governance Statement will inform whether a board review has taken place under the direction of the chairman or the Nominating Committee and, if so, summarize the key measures and changes resulting from it. The company must have a policy / guide on the evaluation of the board comprising the purpose, criteria and frequency of the evaluation process.	Complies	Partially complies	The Board of Directors regulation is under review, meaning that specific provisions on the evaluation of the council will be taken into account.
A. 9. The Corporate Governance Statement should contain information on the number of board and committee meetings during the last year, the participation of directors (in person and in absentia) and a report by the board and committees on their activities.	Complies		
A. 10. The Corporate Governance Statement shall include information on the exact number of independent members of the Board of directors, or from the Supervisory Board.	Complies		

Provisions of the BVB GCC	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
A. 11. The Board of Premium companies must set up a nominating committee of non-executive members, which will conduct the procedure of nominating new members to the board and make recommendations to the board. Majority of nominating committee members it must be independent.		Partially complies	A nominating committee made up of non-executive directors who were, in their majority, independent directors could not be set up. The board of directors as a whole is the one who nominates the provisional members and makes recommendations to the OGMS for the election of new members in the Board of Directors.
B. 1. The board must establish an audit committee in which at least one member must be an independent non-executive administrator. The majority of the members, including the chair, must have demonstrated adequate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have proven and appropriate audit or accounting experience. For premium companies, the audit committee shall consist of at least three members and a majority of members the audit committee must be independent.	Complies		
B. 2. The chairman of the audit committee must be a independent non-executive member.	Complies		
B. 3. Within its responsibilities, the audit committee it must carry out an annual assessment of the internal control system.	Complies		
B. 4. The assessment shall take into account the effectiveness and coverage of the internal audit function, the adequacy of the risk management and internal control reports submitted to the board's audit Committee, the timeliness and effectiveness with which the executive management addresses the deficiencies or weaknesses identified as a result of internal control and the submission of relevant reports to the attention of the Council.	Complies		
B. 5. Audit committee to assess conflicts of interest interests in relation to transactions of the company and subsidiaries	Complies		

Provisions of the BVB GCC	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
with related parties.			
B. 6. The audit committee shall assess the effectiveness of the internal control system and the management risk system.	Complies		
B. 7. The audit committee shall monitor the application of legal standards and generally accepted internal audit standards. The audit committee shall receive and evaluate the reports of the internal audit team.	Complies		
B. 8. Whenever the code mentions reports or analyses initiated by the Audit Committee, they must be followed by regular reports (at least annually) or adhoc which must subsequently submitted to the Council.	Complies		
B. 9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements concluded by the company with shareholders and their affiliates.	Complies		
B. 10. The board must adopt a policy to ensure that any transaction of the company with any of the companies with which it has close relations the value of which is equal to or greater than 5% of the company's net assets (as per the latest financial report) is approved by the board following a binding opinion of the board's audit Committee and fairly disclosed to shareholders and potential investors, insofar as these transactions fall under the subject to reporting requirements.	Complies		

Provisions of the BVB GCC	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
B. 11. Internal audits must be carried out by a structurally separate division (internal audit department) within company or by hiring an independent third party entity.	Complies		
B. 12. In order to ensure the performance of the main functions of the Internal audit Department, it must report functionally to the council through the audit committee. For administrative purposes and within the framework of management's obligations to monitor and reduce risks, it must report directly to the director general.	Complies		
C. 1. The company must publish the remuneration policy on its website and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review. The remuneration policy should be formulated in such a way as to enable shareholders to understand the principles and arguments underlying the remuneration of board members and the director-general, as well as of the members of the board in the dual system. It should describe the management of the remuneration process and decision-making, detail the components of executive remuneration (such as salaries, annual bonuses, long-term incentives related to the value of shares, benefits in kind, pensions and others) and describe the purpose, principles and assumptions underlying each component (including the general performance criteria for any form of variable remuneration). In addition, the remuneration policy must specify the duration of the executive director's contract and the notice period provided for in the contract, as well as possible compensation for unjust revocation.	Complies		

Provisions of the BVB GCC	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
The remuneration report shall set out the implementation of the remuneration policy for the persons identified in the remuneration policy during the annual period under review. Any key change in remuneration policy should be published on the company's website in a timely manner.			
<p>D.1. The company must organize an investor relations service-indicating to the general public the person (s) responsible or the organizational unit. In addition to the information required by the legal provisions, the company must include on its website a section dedicated to investor relations, in Romanian and English, with all relevant information of interest to investors, including:</p> <p>D. 1.1. Main corporate regulations: articles of incorporation, procedures for general meetings of shareholders;</p> <p>D.1.2. Professional CVs of members of the company's management bodies, other professional commitments of board members, including executive and non-executive positions on boards of companies or non-profit institutions;</p> <p>D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual) – at least those referred to in Point D. 8 – including current reports with detailed information on non-compliance with this code;</p> <p>D.1.4. Information on the general meetings of the shareholders: agenda and information materials;</p>	Complies		

Provisions of the BVB GCC	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
the procedure for electing board members; the arguments supporting the proposals of candidates for election to the board, together with their professional CVS; the questions of the shareholders on the points on the daily agenda and the responses of the society, including the decisions adopted;			
<p>D.1.5. Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of a shareholder's rights, including deadlines and principles applied to such operations. That information will be published within a time limit enabling investors to take investment decisions;</p> <p>D.1.6. Name and contact details of a person who will be able to provide relevant information on request;</p> <p>D.1.7. Company presentations (e.g. investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports.</p>	Complies		
<p>D. 2. The Company shall have a policy on the annual distribution of dividends or other benefits to shareholders, proposed by the managing director or the board and adopted by the board, in the form of a set of guidelines that the company intends to follow with respect to the distribution of net profit. The principles of the annual distribution policy to shareholders will be published on the website of the company.</p>	Complies		

Provisions of the BVB GCC	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
<p>D. 3. The company will adopt a policy in relation to the forecasts, whether they are made public or not. Forecasts refer to quantified conclusions of studies aimed at determining the overall impact of a number of factors for a future period (so-called assumptions): by its nature, this projection has a high level of uncertainty, the actual results may differ significantly from the original forecasts. The forecast policy will set out the frequency, period and content of the forecasts. If published, forecasts may only be included in annual, half-yearly or quarterly reports. Forecast policy will be published on the company's website.</p>		Partially complies	<p>The company has not adopted a forecast policy setting out their frequency, period and content, whether or not to be made public.</p> <p>Forecasts with a certain level of uncertainty are contained each time in the annual reports of the administrators.</p>
<p>D. 4. The rules of general meetings of shareholders should not limit the participation of shareholders in general meetings and the exercise of their rights. Changes to the rules will take effect, at the earliest, from the next shareholders ' meeting.</p>	Complies		
<p>D. 5. External auditors will be present at the general meeting of shareholders when their reports are presented at such meetings.</p>	Complies		
<p>D. 6. The board will present to the Annual General Meeting of shareholders a brief assessment on the internal control and management systems of significant risks, as well as opinions on matters subject to the decision of the general assembly.</p>	Complies		

Provisions of the BVB GCC	The company complies	The company does not comply or partially complies	Reason for non-compliance / measures taken / achievement of the objective
D. 7. Any specialist, consultant, expert or financial analyst may attend the shareholders ' meeting on the basis of a prior invitation from the board. Accredited journalists may also attend the general meeting of shareholders unless the president of the Council shall act otherwise.	Complies		
D. 8. The quarterly and semi-annual financial reports will include information in both Romanian and English on key factors influencing changes in the level of sales, operating profit, net profit and other relevant financial indicators, both from quarter to quarter and from year to year.	Complies		
D. 9. A company will hold at least two meetings / teleconferences with analysts and investors each year. The information presented on these occasions will be published in the Investor Relations section of the Investor Relations company's internet page at the date of the meetings/ teleconferences.	Complies		
D. 10. Where a society supports various forms of artistic and cultural expression, sports, educational or scientific activities and considers that their impact on the innovativeness and competitiveness of society is part of its mission; and its development strategy, will publish policy on its work in this area.		Partially complies	The society has not adopted or published a policy to support forms of artistic and cultural expression, sports, educational or scientific activities. However, numerous past actions to support the above areas have been accompanied by press releases and promoted on the company's website.