

Informations Item 4 of the Ordinary General Meeting of Shareholders' agenda on the income and expenditure budget for 2024 and Work Programme for 2024

A. Income and Expenditure Budget for 2024

The following documents and reference data were taken into account for the preparation and substantiation of the 2024 income and expenditure budget:

- Financial statements for 2023 (statement of assets, liabilities and equity, statement of income and expenditure);
- The turnover structure achieved in 2023 and the one estimated for 2024, in which a decrease in activity is forecast, generated by the reduction of projects carried out through government programs with slow collection of receivables, but also by the reduction of licensed activity in 2024 compared to 2023;
- Staff expenditure incurred in 2023, which is forecast to decrease in 2024 as a result of operational efficiencies, decreased turnover and production expected for 2024;
- The average exchange rate of 5.0 lei/EUR estimated for 2024.

The main provisions of the 2024 budget are structured on activities as follows:

RON ' 000	Budget 2024	Current 2023	* Variation
I TOTAL REVENUE			
of which:	135.262	211.882	-36%
1 Operating activity, of which:	132.103	209.013	-37%
Turnover, of which :	137.857	195.013	-29%
1.1 Licensed activity-Turnover	57.801	91.444	-37%
1.2 Unlicensed activity-Turnover	80.056	103.569	-23%
Other operating income, of which	(5.754)	14.073	-141%
2.1 Licensed activity- other operating income	159	576	-72%
2.2 Unlicensed activity - other operating income	(5.913)	13.479	-144%
2 Financial income	3.158	2.796	13%
II TOTAL EXPENSES	141.505	248.470	-43%
of which:			
3 Total operating activity, of which:	139.971	247.812	-44%
3.1 Licensed activity	61.913	107.321	-42%
3.2 Unlicensed activity	78.058	140.491	-44%
4 Financial expenditure	1.534	658	133%
III TOTAL GROSS RESULT, of which:	(6.243)	(36.588)	-83%
5.1 Licensed activity	(2.494)	(13.655)	+82%
5.2 Unlicensed activity	(3.749)	(22.933)	+84%

In 2024 we estimate an (Earnings Before Income Taxes Plus Depreciation and Amortization) of **3.5 million lei** and a company-wide gross loss in the amount of **6.2 million lei**.

B. Work programme for 2024

Income evolution

For 2024, we estimate decreased incomes compared to 2023, mainly generated by reduced sales through projects carried out as part of government slow debt collection programs (mainly the Environment Fund Administration). Also, for 2024, the company is aiming for a re-establishment and consolidation of the sales team and an increase in sales activities oriented to the private segment, which will absorb part of the sales decrease associated with consumption/investments in the public sector.

Regarding the rental activity, we estimate a decrease in total revenues, mainly due to the volatility of the tenant structure, amid the company's efforts to consolidate and streamline this segment of activity.

Sourcing activity

In the sourcing activity, Electromagnetica S.A. aims to pay more attention to the planning of the sourcing activity, based on medium and long-term forecasts, maintaining the relationship with suppliers, so as to improve the cost structure and ensure continuous sourcing. In 2024, in order to optimize the costs of owning assets, the company's management will pay special attention to stock levels, so as to minimize the risk of loss in value of stocks.

Sale of lighting systems and charging stations

Electromagnetica S.A. seeks to identify new markets and increase sales in the private sector, while accelerating stock sales. On this line, the aim is to accelerate the sales of 50kW stock stations, increase the promotion of 150kW ultra-fast charge stations, but also expand the implementation of its own station management platform, ELMOTION platform and mobile application on stations produced and installed by other competitors in the market, in order to create its own national network for the management of charges and the use of charging stations electric vehicles.

Plastic injection

A relatively stable evolution of plastic sales and production is expected in 2024 compared to 2023.

Automatisation (Relays) for Romanian Railroad (CFR)

The company estimates the continuation of the production activity of CFR relays in 2024, under the conditions of orders from customers, determined by the development of investment programs.

Production and sale / supply of electricity

In 2024, low prices on the energy market are expected, as well as an increased degree of unpredictability. As a result, we estimate a reduction in the licensed activity in 2024, compared to 2023, given the market conditions and potential legislative changes governing the activity of electricity generation and supply.

The main directions of action will be :

- Making the best possible use of the new prices in the energy market and of the green certificates produced by the small hydropower plants through the company's portfolio;
- Increasing the share of energy sold to large final customers (even at the capped price of 1,300 lei) at the expense of energy sold on OPCOM platforms
- Increase the amount of energy sold through electric car charging stations.

Structure of the 2024 investment programme it is presented as follows:

No.	INVESTMENTS	ESTIMATED VALUE
		EURO
A	TANGIBLE ASSETS	2.376.700
1	CONSTRUCTION WORKS AND MODERNIZATION OF BUILDING	1.100.000
1.1	construction works and modernization of buildings Electromagnetica Business Park	1.100.000
2	TECHNICAL INSTALLATIONS, MEANS OF TRANSPORT	626.700
2.1	technological equipment (machinery, equipment and work installations)	31.700
2.2	production equipment and devices	200.000
2.3	measuring, control and regulation devices and installations	215.000
2.4	means of transport (car and lift)	180.000
3	FURNITURE, OFFICE EQUIPMENT, PROTECTION SYSTEMS HUMAN AND MATERIAL VALUES AND OTHER TANGIBLE ASSETS	10.000
4	POWER INCREASE TO 0.75 MW, MT LINES REALIZATION, PT MODERNIZATION	630.000
5	NON-NOMINATED	10.000
B	INTANGIBLE ASSETS	-
	GRAND TOTAL	2.376.700

The value of investments for 2024 is estimated at around EUR 2,376,700 (excluding VAT).

In 2024, investments will be mainly focused on investment activities in the headquarters, at Electromagnetica Business Park, in order to modernize the real estate assets to meet the tenants' requirements and ensure them an increased degree of safety and comfort, as well as in a power increase of 0.75 MW and modernization of some transformer stations.

The investment program will be made from its own sources of funding.

Financial measures

- Careful monitoring of cash flow and taking the necessary measures to maintain an appropriate level of liquidity.
- Maintaining existing credit lines, as well as attracting new sources of financing for the smooth functioning of the company's business.
- Limit sales with long collection times.

BUDGET FOR 2024

BUDGET LINE	RON
Net turnover	137,857,246
Income related to the cost of product stocks	(5,935,710)
Production realized by the entity for its own purposes and capitalized	5,470
Other operating income	176,417
TOTAL OPERATING INCOME	132,103,422
Expenditure on raw materials and consumables	23,063,357
Other material expenditure	758,333
Other external expenditure (energy and water)	8,072,539
Commodity expenditure	53,742,555
Trade discounts received	(1,523)
Personnel expenses	29,775,400
Value adjustments on current assets	(52,733)
Expenditure on external benefits	10,553,040
Expenditure related to other taxes, charges and similar payments	2,059,451
Environmental protection expenditure	275,538
Other expenditure	397,231
OPERATING EXPENDITURE LESS DEPRECIATION AND AMORTIZATION	128,643,189
EBITDA	3,460,233
DEPRECIATION AND AMORTIZATION OF FIXED ASSETS	11,327,218
FINANCIAL PROFIT	1,624,297
CURRENT LOSS	(6,242,689)
Corporate tax	(998,830)
NET LOSS OF THE REPORTING PERIOD	(5,243,859)