



# **Quarterly Report on September 30, 2022**



**ELECTROMAGNETICA SA**

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**ELECTROMAGNETICA SA**

**SEPARATED QUARTERLY REPORT FOR THE 3<sup>RD</sup> QUARTER OF 2022**

**Separated financial results for the third quarter of the year 2022 (Q3 2022)  
compared to the third quarter of the year 2021 (Q3 2021)  
(unaudited)**

## Separated Quarterly Report Q3 2022

### Highlights of the 3-month period ended on September 30, 2022 (Q3 2022)

- The Company's turnover of 63,305 thousand RON in the period Q3 2022, is by 3% smaller than in Q3 2021;
- 18% lower sales for the electricity supply activity in the 3-month period of Q3 2022 compared to the same period in 2021 and an 18% increase in industrial production and space rental activity compared to the 3<sup>rd</sup> quarter of 2021. The sales for LED lighting systems, charging stations for electric cars and plastic mass injection products significantly increased.
- In the Official Monitor of Romania, part I, no. 746 bis. Of July 25, 2022, the Romanian Government Decision was published regarding the initiation of the procedures of expropriation of all private property estates that constitute the expropriation corridor for public utility works of national interest "4-lane widening of the Bucharest South Ring Road".  
Electromagnetica is affected by this expropriation for a part of the land owned in Domnesti, Ilfov County. The amount offered by the expropriator of Lei 1,402,265.34, i.e. 15.98 lei/sqm as compensation cannot be accepted because it does not represent fair compensation established according to ICCJ Decision no. 78/2021. Pursuant to art. 19 paragraph 2 and paragraph 11 of Law no. 255 of December 14, 2010 regarding expropriation for a public utility reason, necessary to achieve some objectives of national, county and local interest, in conjunction with art. 15 of Government Decision no. 53 of January 19, 2011 on the approval of the Methodological Norms for the application of Law no. 255/2010, in conjunction with Law no. 33/1994, Electromagnetica SA, along with the submission of the documents attesting the ownership of the estates, also filed the request for the payment of compensation related to the real estate included in the expropriation corridor identified according to Annex 2 of Government Decision no. 928/2022, to be at the value established according to the evaluation report and, in subsidiary, at the accounting value recorded on December 31, 2021, according to the financial statements approved by the Ordinary General Meeting of Shareholders of April 28, 2022. If the Commission established according to the related legislation in the field, does not accept the request in the administrative phase, the competent court will be invested in order to resolve the request.
- The energy market was still characterized by legislative instability, high price fluctuations and commercial blockages sustained by the lack of volumes available for trading.

<b>Indicator</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>Q1 -Q3 2022</b>	<b>Q1 -Q3 2021</b>
Revenues from unlicensed activities	31,712	26,965	87,673	75,993
Revenues from licensed activities	31,593	38,186	85,212	199,954
<b>Turnover (thousand RON)</b>	<b>63,305</b>	<b>65,151</b>	<b>172,885</b>	<b>275,947</b>
<b>EBITDA* (thousand RON)</b>	<b>13,844</b>	<b>-415</b>	<b>36,327</b>	<b>-13,837</b>
<b>EBITDA margin (%)</b>	<b>21.87%</b>	<b>-0.64%</b>	<b>21.02%</b>	<b>-5.01%</b>
<b>Net Result (thousand RON)</b>	<b>5,609</b>	<b>-2,724</b>	<b>23,492</b>	<b>-20,698</b>
<b>Net Result per share (RON)</b>	<b>0.0083</b>	<b>-</b>	<b>0.0347</b>	<b>-</b>

\*EBITDA represents profit before taxation, expense with interest, depreciation and impairment.

Compared to the same period of the previous year, the following issues had affected the company's result:

- For activities in the energy field, the introduction by GEO 119/2022 for the modification and supplementation of GEO 27/2022 of the new contribution to the Energy Transition Fund starting from September 2022 meant the reduction of profit to a minimum, a situation that will be maintained in the following period if the amendments made to this regulation are not changed;
- Decrease in energy production at micro hydropower plants because of the drought;
- The impact of the land expropriation announcement by recording an asset depreciation adjustment calculated as the difference between the fair accounting value and the value of compensation for expropriation;
- Carrying out expenses for the development of the building spaces in Calea Rahovei 266-268 in order to better manage them;
- Continuation of previously started research programs in the field of electric car charging equipment.

## Acquisitions

In the first quarter of 2022, the supply of materials for all production segments: electric vehicle charging stations, LED lighting fixtures, plastic parts as well as components for the electrical devices assembly section was carried out facing difficulties caused both by the extension of the pandemic COVID-19 in China and the emergence of the war in Ukraine. Thus, the upward slope of price evolution from 2021 was maintained. The suppliers of power sources and controllers of intelligent lighting systems have notified us that they are facing a lack of chips, hence the longer and longer delivery times. Suppliers of ferrous and non-ferrous metals that sourced raw materials from Ukraine also sent us notifications about difficulties or even discontinuities in the supply of their own products, price increases and operational problems from air and sea transport service providers.

In quarters II and III, there were no significant improvements in the supply chain from the point of view of delivery terms and the difficulty of procuring materials. The war in Ukraine deepened the energy crisis and influenced the price of fuel, leading to new price increases for materials of all kinds and services.

However, compared to the course of 2021 and the first quarter of 2022 when the increases in plastic mass, ferrous and non-ferrous materials, conductors reached 60% to 100%, after May 2022 the increase moderated or even stopped. The prices of some assortments of plastic mass and ferrous materials remained stable. However, segments such as: electronic components and electrical equipment, packaging, third-party processing services (painting, laser cutting, mechanical processing) were affected, their increases being between 7 and 16% compared to 2021.

The purchase terms in the II and III quarters became longer and difficult to control, the suppliers avoiding to include firm delivery terms in their offers and estimated terms are communicated, on average 3 to 5 months for plastic mass, 7-10 months for sources of power supply, 5-6 months for emergency lighting and smart city equipment, the microprocessors exceeding 12 months.

Also, the length of a supply cycle from China (CIL casings, station components) increased on average from 4 months to 5-6 months, a contribution having the unloading made difficult by the congestion in the port.

However, having valid forecasts from external customers on the medium and long term and keeping in constant contact with the suppliers, we managed to continuously supply the production sections with materials for the assembly of devices and plastics without causing delays to the customers.

For the next period, under the impact of the fears created by the materials crisis, price fluctuations and long delivery terms communicated by the producers, we propose to pay more attention to the planning of the supply activity and to the expansion of the list of alternative suppliers in order not to cause syncope on the production flow. The main objective is to optimize the costs of the components for electric vehicle charging stations and to ensure the timely and quality materials needed for the production departments.

## Sales

Electromagnetica is a company that operates in several fields, the most important being:

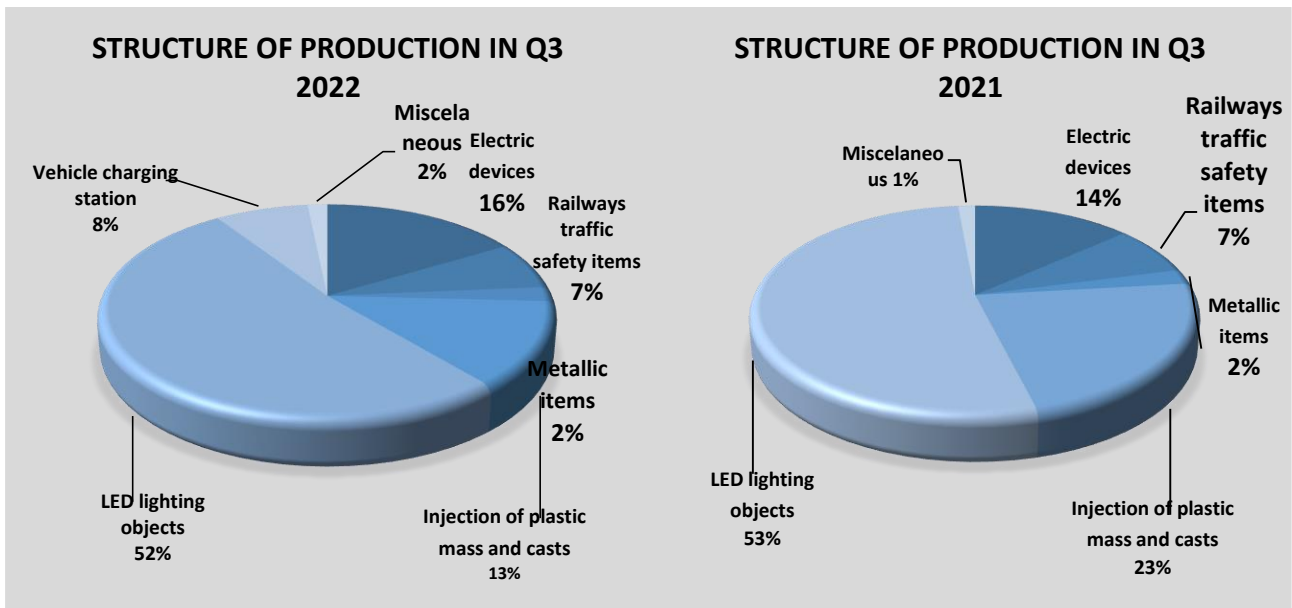
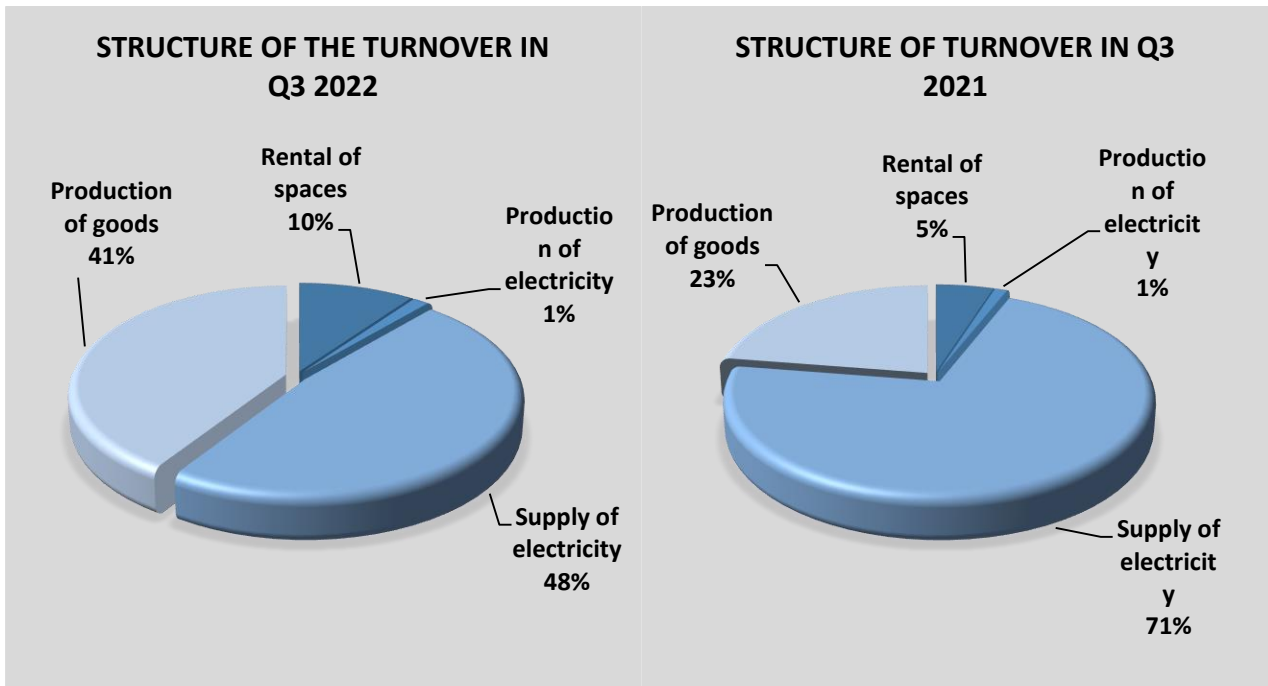
- Activities in the field of energy efficiency (production of LED lighting fixtures, systems and solutions);
- Renting office space, industrial space, land and provision of utilities;
- Production of electricity from renewable sources (produced in low power hydroelectric power plants) and supply of electricity.

As aggregation criterion for reporting per business segments, the Company used the type of the regulatory environment and identified the following business segments for which it presents the information individually:

- Licensed activity - supply and production of electricity
- Non-licensed activity- industrial production and space rental.

The aggregation criterion is based on the necessary license for carrying out certain activities, as well as its requirements, including the submission of individual financial statements. The activities of production and supply of electricity have been aggregated, taking into consideration the fact that they represent an integrated process for a part of their operations.

<b>Q1-Q3 2022</b>	<b>Unlicensed activities</b>	<b>% Total Company</b>	<b>Licensed activities</b>	<b>% Total Company</b>	<b>Total Company</b>
Net profit/loss	-2,884,874	-	26,376,447	100	23,491,571
<i>of which:</i>					
<i>Current activity</i>	1,244,940		26,376,447		27,621,387
<i>Loss expropriation of land</i>	-4,129,814		-		-4,129,814
Total assets	371,582,152	81.55	84,067,329	18.45	455,649,481
Total liabilities	57,687,818	79.21	15,141,140	20.79	72,828,958
Customer revenue	87,672,794	50.71	85,212,001	49.29	172,884,794
Interest income	51,808	100.0	-	n/a	51,808
Impairment and depreciation	10,616,099	86.34	1,680,084	13.66	12,296,184
<b>Q1-Q3 2021</b>	<b>Unlicensed activities</b>	<b>% Total Company</b>	<b>Licensed activities</b>	<b>% Total Company</b>	<b>Total Company</b>
Net profit	3,173,681	n/a	-23,871,576	n/a	-20,697,896
Total assets	341,678,734	85.38	58,515,346	14.62	400,194,081
Total liabilities	34,607,307	40.40	51,059,310	59.60	85,666,616
Customer revenue	75,993,191	27.54	199,953,554	72.46	275,946,745
Interest income	45,414	100.0	-	-	45,414
Impairment and depreciation	5,107,645	78.63	1,387,859	21.37	6,495,503



**Products and services for increasing energy efficiency:**

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

Electromagnetica offers complete services in the field of intelligent lighting, from energy audits, technical projects, the implementation of intelligent lighting systems, adapted to the specifics of the beneficiary, from the turning on points to the intelligent management software of the intelligent lighting system, including systems of photovoltaic production and storage of electric power. Thus, we can provide turnkey solutions for any type of project.

In the lighting sector, projects financed by European and national programs POR and AFM are still ongoing.

In addition, Electromagnetica provides complete warranty and post-warranty services, as well as lighting system maintenance services.

Regarding the field of electric vehicles charging stations, Electromagnetica is the only manufacturer in Romania of all categories of charging stations, from low-power alternating current ones to fast charging and ultra-fast charging types, integrating the complete chain of this field , from the design of the charging stations, their production within our company, the development and upgrading with new functions of the Elmotion management software, the installation and operation of the charging stations and ensuring their maintenance throughout the territory of Romania.

We currently operate within Elmotion a number of 121 charging stations nationwide, both of our own production and those of other manufacturers, providing this service to end beneficiaries (20 pieces).

We would like to mention that in the last quarter we increased the number of operated stations by 15 units, of which 7 belong to other manufacturers.

In the last quarter, we anticipated the increase in demand for charging stations, accompanied by operation and installation services and we ensured fast deliveries from the optimal stock, without affecting other projects.

We foresee maintaining the trend of increasing demand and we are ready to increase the market share.

We are present in all the tender procedures with the mayor's offices on the financing programs for stations run by AFM, having 8 ongoing projects with fast charging stations between 50 and 150 kW.

We continue to follow with interest the appearance of the PNRR program for which the Electromagnetica stations meet all the imposed requirements.

Regarding the space rental activity, we maintain our rental rate, despite a declining market. We continue to adapt to the increase in the price of utilities, materials and services provided and we try to reduce the impact of these increases, without reducing the quality of the services provided.

We implement measures to reduce the consumption of electricity and thermal energy. Also, we continue the policy of reducing the carbon footprint by implementing green energy production - photovoltaic projects.



<b>Q3 2022</b>	<b>Q3 2021</b>		<b>Q1-Q3 2022</b>	<b>Q1-Q3 2021</b>
<b>63,304,794</b>	<b>65,151,099</b>	<b>Income</b>	<b>172,884,794</b>	<b>275,946,745</b>
35,628	2,806	Income from investments	541,880	334,558
891,923	-1,779,574	Other net income	2,464,859	600,050
1,904,541	2,609,333	The variation of the stock of finished products and the production in progress	10,649,682	5,243,814
1,046,148	283,519	The activity carried out by the entity and capitalized	1,488,797	1,543,978
-29,793,795	-50,327,050	Raw materials and consumables used	-93,574,905	-248,442,477
-8,685,958	-8,260,144	Employees-related expenses	-26,046,408	-24,086,392
-6,872,987	-2,241,009	Depreciation and impairment expenses	-12,296,183	-6,771,539
-14,740,569	-7,903,250	Other expenses	-29,687,634	-24,402,130
-193,088	-328,430	Financial expenses	-986,345	-846,329
<b>6,896,637</b>	<b>-2,792,700</b>	<b>Profit/Loss before tax</b>	<b>25,438,538</b>	<b>-20,879,722</b>
-1,287,241	68,978	Profit tax	-1,946,967	181,826
<b>5,609,396</b>	<b>-2,723,722</b>	<b>Profit/Loss for the period</b>	<b>23,491,571</b>	<b>-20,697,896</b>

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	309,859,597	319,558,500
Investment property	14,873,814	14,649,783
Intangible assets	57,312	141,598
Investments in affiliated companies	841,908	841,908
Other long-term non-current assets	10,710,238	14,540,480
Assets related to right-of-use	2,459,598	1,433,898
<b>Total non-current assets</b>	<b>338,802,468</b>	<b>351,166,167</b>
<b>Current assets</b>		
Inventories	20,397,145	18,121,309
Trade receivables	83,737,884	71,277,365
Cash and cash equivalents	10,256,386	2,923,410
Other current assets	2,455,598	2,069,666
Current tax assets	-	599,937
<b>Total current assets</b>	<b>116,847,013</b>	<b>94,991,688</b>
<b>Total assets</b>	<b>455,649,481</b>	<b>446,157,855</b>
<b>EQUITIES AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	67,603,870	67,603,870
Reserves and other of equity	197,325,466	216,140,275
Retained earnings	117,891,187	75,584,806
<b>Total equity atributable to the company's shareholders</b>	<b>382,820,523</b>	<b>359,328,951</b>
<b>Non-current liabilities</b>		
Trade payable and other liabilities	1,318,013	975,819
Subsidies for investments	3,961,456	4,083,869
Deferred tax liabilities	22,280,317	23,318,956
Leasing debts	1,522,730	794,234
<b>Total non-current liabilities</b>	<b>29,082,516</b>	<b>29,172,878</b>
<b>Current liabilities</b>		
Trade payables and other liabilities	38,563,218	54,470,629
Subsidies for investments	163,219	163,219
Provisions	2,005,845	2,341,163
Current income tax liabilities	2,037,073	-
Leasing payables	977,088	681,015
<b>Total current debts</b>	<b>43,746,443</b>	<b>57,656,025</b>
<b>Total liabilities</b>	<b>72,828,958</b>	<b>86,828,904</b>
<b>Total equity and liabilities</b>	<b>455,649,481</b>	<b>446,157,855</b>

<b>Q3 2022</b>	<b>Q3 2021</b>		<b>Q1-Q3 2022</b>	<b>Q1-Q3 2021</b>
		<b>Cash flows from operating activities:</b>		
60,467,503	72,928,009	Cash receipts from customers	161,376,582	239,058,396
-31,119,988	-52,149,424	Payments to suppliers	-96,237,445	-230,245,966
-8,503,691	-7,467,482	Payments to employees	-25,984,004	-23,286,673
-2,795,383	-2,475,974	Other exploitation operations	-10,218,306	-13,243,766
<b>18,048,441</b>	<b>10,835,129</b>	<b>Cash generated by/ (used in) operating activity</b>	<b>28,936,827</b>	<b>-27,718,010</b>
-136,301	-137,940	Interest paid	-607,082	-227,573
-348,597	-	Income tax paid	-348,597	-
<b>17,563,543</b>	<b>10,697,189</b>	<b>Net cash used in operating activities</b>	<b>27,981,148</b>	<b>-27,945,583</b>
		<b>Cash flows from investment activities:</b>		
-31,400	-60,961	Purchasing of tangible assets	-97,620	-874,400
17,000	25,000	Proceeds from the sale of non-current assets	50,300	25,000
31,342	2,685	Interest received	45,337	43,785
-	-	Dividends received	492,313	291,009
<b>16,942</b>	<b>-33,276</b>	<b>Net cash used in investing activities</b>	<b>490,330</b>	<b>-514,607</b>
		<b>Cash flows from financing activities:</b>		
5,321,401	13,238,403	Proceeds from loans	31,357,916	77,883,664
-14,822,142	-21,360,446	Cash repayments of borrowed amounts	-51,493,258	-64,598,188
-328,390	-268,943	Leasing paid	-921,018	-811,114
-25,118	-17,056	Leasing interest paid	-72,674	-58,171
-3,157	-3,576	Dividends paid	-9,468	-17,702
<b>-9,857,406</b>	<b>-8,411,619</b>	<b>Net cash used in financing activities</b>	<b>-21,138,502</b>	<b>12,398,488</b>
<b>7,723,080</b>	<b>2,252,295</b>	<b>Net increase/decrease in cash and cash equivalents</b>	<b>7,332,976</b>	<b>-16,061,701</b>
<b>2,533,306</b>	<b>1,794,464</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,923,410</b>	<b>20,108,460</b>
<b>10,256,386</b>	<b>4,046,759</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>10,256,386</b>	<b>4,046,759</b>

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Revaluation reserve tangible assets</u>	<u>Other equity items</u>	<u>Legal reserve</u>	<u>Deferred tax recognized in reserves</u>	<u>Total equity</u>
<b>Balance on January 1, 2022</b>	<b>67,603,870</b>	<b>75,584,806</b>	<b>154,178,085</b>	<b>66,840,830</b>	<b>19,789,854</b>	<b>24,668,494</b>	<b>359,328,951</b>
<b>Comprehensive income for the period</b>							
Result for the period	-	23,491,571	-	-	-	-	23,491,571
<b>Other components of comprehensive income:</b>							
Establishment of legal reserve and other reserves	-	-	-	-	-	-	-
Transfer of reserve from revaluation to the retained earning following amortization and writing off of the revaluated tangible assets	-	3,215,884	-3,215,884	-	-	-	-
Transfer of the tax related to the reserve from reevaluation to the retained earning	-	-514,541	-	-	-	514,541	-
Transfer of reserves and inflation adjustment to retained earnings	-	16,113,467	-	-7,463,590	-8,649,877	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>42,306,380</b>	<b>-3,215,884</b>	<b>-7,463,590</b>	<b>-8,649,877</b>	<b>514,541</b>	<b>23,491,571</b>
<b>Transactions with shareholders recognized directly in equity:</b>							
Allotted dividends	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
<b>Balance on September 30, 2022</b>	<b>67,603,870</b>	<b>117,891,188</b>	<b>150,962,201</b>	<b>59,377,240</b>	<b>11,139,977</b>	<b>24,153,953</b>	<b>382,820,523</b>

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Revaluation reserve tangible assets</u>	<u>Other equity items</u>	<u>Legal reserve</u>	<u>Deferred tax recognized in reserves</u>	<u>Total equity</u>
<b>Balance on January 1, 2021</b>	<b>67,603,870</b>	<b>90,473,196</b>	<b>110,800,133</b>	<b>64,516,529</b>	<b>19,789,854</b>	<b>-18,959,622</b>	<b>335,223,960</b>
<b>Comprehensive income for the period:</b>							
Result for the period	-	-20,697,896	-	-	-	-	-20,697,896
<b>Other elements of comprehensive income:</b>							
Establishment of legal reserve and other reserves	-	-109,300	-	109,300	-	-	-
Deferred tax due to the writing off of tangible assets	-	-	-	-	-	1,401	1,401
Transfer of reserve from revaluation to the retained earning following amortization and writing off of the revaluated tangible assets	-	1,097,952	-1,097,952	-	-	-	-
Transfer of the tax related to the reserve from reevaluation to the retained earning	-	-1,405,872	-	-	-	1,405,872	-
Transfer of net profit to reserves	-	-2,215,001	-	2,215,001	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-23,330,117</b>	<b>-1,097,952</b>	<b>2,324,301</b>	<b>-</b>	<b>1,407,273</b>	<b>-20,696,495</b>
<b>Transactions with shareholders recognized directly in equity:</b>							
Other items	-	-	-	-	-	-	-
<b>Balance on September 30, 2021</b>	<b>67,603,870</b>	<b>68,143,078</b>	<b>109,702,181</b>	<b>66,840,830</b>	<b>19,789,854</b>	<b>-17,552,349</b>	<b>314,527,464</b>

**ELECTROMAGNETICA SA**

**INTERIM CONDENSED SEPARATED FINANCIAL STATEMENTS  
FOR THE 9-MONTH PERIOD ENDING ON SEPTEMBER 30, 2022  
(UNAUDITED)**

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE 9- MONTH PERIOD ENDED SEPTEMBER 30,2022 (UNAUDITED)**  
**(all amounts are expressed in RON,unless otherwise specified)**

	<b>Note</b>	<b>9-month period ending on September 30, 2022</b>	<b>9-month period ending on September 30, 2021</b>
<b>Income</b>	<b>4</b>	<b>172,884,794</b>	<b>275,946,745</b>
Income from investment	4	541,880	334,558
Other net income	4	2,464,859	600,050
The variation of the stock of finished products and the production in progress	4	10,649,682	5,243,814
The activity carried out by the entity and capitalized	4	1,488,797	1,543,978
Raw materials and consumables used	5	-93,574,905	-248,442,477
Expenses with employees	5	-26,046,408	-24,086,392
Expenses with impairment and depreciation	5	-12,296,183	-6,771,539
Other expenses	5	-29,687,634	-24,402,130
Financial expenses	5	-986,345	-846,329
<b>Profit/Loss before taxation</b>		<b>25,438,538</b>	<b>-20,879,722</b>
Profit tax	6	-1,946,967	181,826
<b>Profit/Loss for the period</b>		<b>23,491,571</b>	<b>-20,697,896</b>
<b>Other components of comprehensive income:</b>			
of which:			
other comprehensive income items that cannot be reclassified in the profit and loss account, of which:			
- Deferred tax related to written off assets		-	1,401
<b>Comprehensive income for the period</b>		<b>23,491,571</b>	<b>-20,696,495</b>
<b>Basic/diluted earnings per share</b>	<b>7</b>	<b>0.0347</b>	<b>-</b>

These separate financial statements were approved for disclosure by the management on November 10, 2022:

**EUGEN SCHEUŞAN**  
**Managing Director**

**CRISTINA FLOREA**  
**Economic Manager**

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30,2022 (UNAUDITED)**  
(all amounts are expressed in RON, unless otherwise specified)

	<u>Note</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>8</b>	309,859,597	319,558,500
Investment property		14,873,814	14,649,783
Intangible assets	<b>8</b>	57,312	141,598
Investments in related entities		841,908	841,908
Other non-current long term assets	<b>10</b>	10,710,238	14,540,480
Assets related to right-of-use	<b>9</b>	2,459,598	1,433,898
<b>Total non-current assets</b>		<b>338,802,468</b>	<b>351,166,167</b>
<b>Current assets</b>			
Inventories	<b>11</b>	20,397,145	18,121,309
Trade receivables	<b>12</b>	83,737,884	71,277,365
Cash and cash equivalents	<b>13</b>	10,256,386	2,923,410
Other current assets		2,455,598	2,069,666
Current tax assets		-	599,937
<b>Total current assets</b>		<b>116,847,013</b>	<b>94,991,688</b>
<b>Total assets</b>		<b>455,649,481</b>	<b>446,157,855</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		67,603,870	67,603,870
Reserves and other equity		197,325,466	216,140,275
Retained earning		117,891,187	75,584,806
<b>Total equity attributable to company's shareholders</b>		<b>382,820,523</b>	<b>359,328,951</b>
<b>Non-current liabilities</b>			
Trade payables and other liabilities	<b>14</b>	1,318,013	975,819
Investment subsidies		3,961,456	4,083,869
Deferred tax liabilities		22,280,317	23,318,956
Leasing debts		1,522,730	794,234
<b>Total non-current liabilities</b>		<b>29,082,516</b>	<b>29,172,878</b>
<b>Current liabilities</b>			
Trade payables and other liabilities		38,563,218	54,470,629
Investment subsidies		163,219	163,219
Provisions		2,005,845	2,341,163
Current income tax liabilities		2,037,073	-
Leasing debts		977,088	681,015
<b>Total current liabilities</b>		<b>43,746,443</b>	<b>57,656,025</b>
<b>Total liabilities</b>		<b>72,828,958</b>	<b>86,828,904</b>
<b>Total equity and liabilities</b>		<b>455,649,481</b>	<b>446,157,855</b>

These separate financial statements were approved for disclosure by the management on November 10, 2022:

**EUGEN SCHEUŞAN**  
**Managing Director**

**CRISTINA FLOREA**  
**Economic Manager**



**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF CASH FLOWS**  
**FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30,2022 (UNAUDITED)**  
**(all amounts are expressed in RON,unless otherwise specified)**

	<u>Note</u>	<u>9-month period ending on September 30, 2022</u>	<u>9-month period ending on September 30, 2021</u>
<b>Cash flows from operating activities:</b>			
Cash receipts from customers		161,376,582	206,812,567
Payments to suppliers		-96,237,445	-230.245.966
Payments to employees		-25,984,004	-23.286.673
Other operating activities		-10,218,306	-13.243.766
<b>Cash generated by/ (used in) operating activities</b>		<b><u>28,936,827</u></b>	<b><u>-27.718.010</u></b>
Interest paid		-607,082	-227.573
Income tax paid		-348,597	-
<b>Net cash used in operating activities</b>		<b><u>27,981,148</u></b>	<b><u>-27.945.583</u></b>
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment		-97,620	-874.400
Proceeds from sale of non-current-assets		50,300	25.000
Interest collected		45,337	43.785
Dividends received		492,313	291.009
<b>Net cash used in investing activities</b>		<b><u>490,330</u></b>	<b><u>-514.607</u></b>
<b>Cash flows from financing activities:</b>			
Proceeds from loans		31,357,916	77.883.664
Cash repayments of amounts borrowed		-51,493,258	-64.598.188
Paid leasing		-921,018	-811.114
Interest paid		-72,674	-58.171
Dividends paid		-9,468	-17.702
<b>Net cash used in financing activities</b>		<b><u>-21,138,502</u></b>	<b><u>12.398.488</u></b>
<b>Net increase/decrease of cash and cash equivalents</b>		<b><u>7,332,976</u></b>	<b><u>-16.061.701</u></b>
<b>Cash and cash equivalents at beginning of period</b>	<b>13</b>	<b><u>2,923,410</u></b>	<b><u>20.108.460</u></b>
<b>Cash and cash equivalents at end of period</b>	<b>13</b>	<b><u>10,256,386</u></b>	<b><u>4.046.759</u></b>

These separate financial statements were approved for disclosure by the management on November 10, 2022:

**EUGEN SCHEUŞAN**  
**Managing Director**

**CRISTINA FLOREA**  
**Economic Manager**

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF THE EQUITY CHANGES (UNAUDITED)**  
**FOR THE 9-MONTH PERIOD ENDING ON SEPTEMBER 30, 2022**  
(all amounts are expressed in RON, unless otherwise specified)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Revaluation reserve tangible assets</u>	<u>Other equity items</u>	<u>Legal reserve</u>	<u>Deferred tax recognized in reserves</u>	<u>Total equity</u>
<b>Balance on January 1, 2022</b>	<b>67,603,870</b>	<b>75,584,806</b>	<b>154,178,085</b>	<b>66,840,830</b>	<b>19,789,854</b>	<b>-24,668,494</b>	<b>359,328,952</b>
<b>Comprehensive income for the period:</b>							
Result for the period	-	23,491,571	-	-	-	-	23,491,571
<b>Other components of comprehensive income:</b>							
Establishment of legal reserve and other reserves	-	-	-	-	-	-	-
Transfer of reserve from revaluation to the retained earning following amortization and writing off of the revaluated tangible assets	-	3,215,884	-3,215,884	-	-	-	-
Transfer of the tax related to the reserve from the revaluation to the retained earning	-	-514,541	-	-	-	514,541	-
Transfer of reserves and inflation adjustment to retained earnings	-	16,113,467	-	-7,463,590	-8,649,877	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>42,306,380</b>	<b>-3,215,884</b>	<b>-7,463,590</b>	<b>-8,649,877</b>	<b>514,541</b>	<b>23,491,571</b>
<b>Transactions with shareholders recognized directly in equity:</b>							
Allotted dividends	-	-	-	-	-	-	-
Other equity items	-	-	-	-	-	-	-
<b>Balance on September 30, 2022</b>	<b>67,603,870</b>	<b>117,891,188</b>	<b>150,962,201</b>	<b>59,377,240</b>	<b>11,139,977</b>	<b>-24,153,953</b>	<b>382,820,523</b>

These separate financial statements were approved for disclosure by the management on November 10, 2022:

**EUGEN SCHEUŞAN**  
**Managing Director**

**CRISTINA FLOREA**  
**Economic Manager**

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATED STATEMENT OF THE EQUITY CHANGES (UNAUDITED)**  
**FOR THE 9-MONTH PERIOD ENDING ON SEPTEMBER 30, 2022**  
(all amounts are expressed in RON, unless otherwise specified)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Revaluation reserve tangible assets</u>	<u>Other equity items</u>	<u>Legal reserve</u>	<u>Deferred tax recognized in reserves</u>	<u>Total equity</u>
<b>Balance on January 1, 2021</b>	<b>67,603,870</b>	<b>90,473,196</b>	<b>110,800,133</b>	<b>64,516,529</b>	<b>19,789,854</b>	<b>-18,959,622</b>	<b>335,223,960</b>
<b>Comprehensive income for the period</b>							
Profit or loss for the period	-	-20,697,896	-	-	-	-	-20,697,896
<b>Other components of comprehensive income:</b>							
Establishment of legal reserve and other reserves	-	-109,300	-	109,300	-	-	-
Deferred tax due to the writing off of tangible assets	-	-	-	-	-	1,401	1,401
Transfer of reserve from revaluation to the retained earning following amortization and writing off of the revaluated tangible assets	-	1,097,952	-1,097,952	-	-	-	-
The transfer of the tax related to the reserve from the revaluation to the retained earning	-	-1,405,872	-	-	-	1,405,872	-
Transfer of net profit to reserves	-	-2,215,001	-	2,215,001	-	-	-
<b>Total comprehensive income related to the period</b>	<b>-</b>	<b>-23,330,117</b>	<b>-1,097,952</b>	<b>2,324,301</b>	<b>-</b>	<b>1,407,273</b>	<b>-20,696,495</b>
<b>Transactions with shareholders recognized directly in equity:</b>							
Other items	-	-	-	-	-	-	-
<b>Balance on September 30, 2021</b>	<b>67,603,870</b>	<b>68,143,078</b>	<b>109,702,181</b>	<b>66,840,830</b>	<b>19,789,854</b>	<b>-17,552,349</b>	<b>314,527,464</b>

These separate financial statements were approved for disclosure by the management on November 10, 2022:

**EUGEN SCHEUŞAN**  
**Managing Director**

**CRISTINA FLOREA**  
**Economic Manager**

**ELECTROMAGNETICA SA**  
**EXPLANATORY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 9-MONTH PERIOD ENDING ON SEPTEMBER 30, 2022**  
**(all amounts are expressed in RON, unless otherwise specified)**

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### **1. GENERAL INFORMATION**

Electromagnetica S.A. ("the Company" or "Electromagnetica") is a joint-stock company set up in 1930 and it carries out business in several areas of which the most important are:

- the activities related to energy efficiency (production of lighting fittings, lighting systems and LED lighting solutions;
- rental of office and industrial spaces, lands and utility services;
- production of electricity from renewable sources (produced in small power hydroelectric plants) and electricity supply.

The shares of Electromagnetica S.A. are traded on Bucharest Stock Exchange under "ELMA" symbol. The registered office and administrative headquarters of the Company are located in Bucharest, sector 5, Calea Rahovei 266-268.

### **2. BASIS OF REPORT PREPARATION**

The financial statements are prepared in accordance with the Order no. 2844/2016 of the Ministry of Public Finance, which are compliant with the International Financial Reporting Standards (IFRS) adopted by the European Union. The functional and presentational currency is the Romanian Leu (RON).

The financial information for September 30, 2022 was neither audited, nor subject to review by an external auditor.

### **3. MAIN ACCOUNTING POLICY**

This individual quarterly report has used the same accounting policies and calculation methods as those applied in the preparation of the Company's individual financial statements on December 31, 2021, except for the adoption of the new standards in force as of January 1, 2022. The Company has not adopted any other standard, interpretation or amendment that was issued but not yet in force.

Standards or amendments adopted by the Company:

- **Amendments to IAS 16 "Tangible assets"** – Receipts before expected use adopted by the EU on 28 June 2021 (applicable for annual periods beginning on or after January 1, 2022),
- **Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets"** - Onerous contracts – Cost of contract execution adopted by the EU on 28 June 2021 (applicable for annual periods beginning on or after January 1, 2022),
- **Amendments to IFRS 3 "Combinations of enterprises"**– Definition of the conceptual framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (applicable for annual periods beginning on or after January 1, 2022),
- **Amendments to various standards due to the "IFRS Improvements (cycle 2018-2020)"** resulting from the annual IFRS improvement project (IFRS 1, IFRS 9, IFRS 16 and IAS 41) first of all aiming to eliminate irregularities and clarify the forms – adopted by EU on 28 June 2021 (amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods beginning on or after January 1, 2022. The amendment to IFRS 16 refers only to an illustrative example, so that no entry into force date is mentioned).

The adoption of these new standards did not lead to significant changes in the Company's financial statements.

**ELECTROMAGNETICA SA**  
**EXPLANATORY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 9-MONTH PERIOD ENDING ON SEPTEMBER 30, 2022**  
(all amounts are expressed in RON, unless otherwise specified)

**4. INCOME**

	<b>Q1-Q3 2022</b>	<b>Q1-Q3 2021</b>
<b>Income</b>	<b>172,884,794</b>	<b>275,946,745</b>
- Income from sold production	71,617,844	63,491,281
- Rental income	16,779,115	13,795,479
- Revenue from sale of goods	84,487,835	198,659,985
<b>Investment income</b>	<b>541,880</b>	<b>334,558</b>
- Interest income	49,567	43,549
- Income from dividends	492,313	291,009
<b>Finished goods inventory variation and production in progress</b>	<b>10,649,682</b>	<b>5,243,814</b>
<b>Work performed and capitalized by the entity</b>	<b>1,488,797</b>	<b>1,543,978</b>
<b>Other income / (expenses)</b>	<b>2,464,859</b>	<b>600,050</b>
- Income from green certificates	1,422,585	2,075,850
- Income/costs related to provisions, net	366,954	112,476
- Net foreign exchange difference	8,864	1,014
- Other net revenues	666,456	-1,589,290
<b>Net income</b>	<b>188,030,012</b>	<b>283,669,145</b>

The Company's turnover for the in the 9-month period ending on September 30, 2022 decreased by 33% compared to the same period of the previous year, mainly due to the decrease in the electricity supply activity.

**5. EXPENSES**

	<b>Q1-Q3 2022</b>	<b>Q1-Q3 2021</b>
<b>Expenses related to materials</b>	<b>93,574,905</b>	<b>248,442,477</b>
- expenses with raw materials and consumables	44,562,890	32,795,423
- expenses with goods	44,327,837	213,005,531
- expenses with electricity, water, gas	4,684,178	2,641,523
<b>Expenses related to employees</b>	<b>26,046,408</b>	<b>24,086,392</b>
<b>Other expenses</b>	<b>29,687,633</b>	<b>24,402,130</b>
- Transport and travel expenses	968,202	718,351
- Subcontracted works expenses	9,692,623	4,304,408
- Expenses with other taxes and charges	5,919,951	1,346,846
- Green certificates expenses	1,160,316	5,003,541
- Other operating expenses	11,946,541	13,028,984
<b>Expenses related to depreciation and impairment</b>	<b>12,296,183</b>	<b>6,771,539</b>
- expenses with depreciation	12,296,183	6,771,539
- Impairment loss	-	-
<b>Financial expenses</b>	<b>986,345</b>	<b>846,329</b>
<b>Total expenses</b>	<b>162,591,474</b>	<b>304,548,867</b>

**ELECTROMAGNETICA SA**  
**EXPLANATORY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 9-MONTH PERIOD ENDING ON SEPTEMBER 30, 2022**  
**(all amounts are expressed in RON, unless otherwise specified)**

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Other taxes and fees include the Contribution to the Energy Transition Fund according to GEO 119/2022 amounting to Ron 4,605,967.

**6. CORPORATE INCOME TAX**

	<u>Q1-Q3 2022</u>	<u>Q1-Q3 2021</u>
<b>Current corporate income tax</b>		
Current corporate income tax expense	2,985,606	-
<b>Deferred corporate income tax</b>		
Deferred tax income / expenses	<u>-1,038,639</u>	<u>181,826</u>
	<b><u>1,946,967</u></b>	<b><u>181,826</u></b>

**7. EARNINGS PER SHARE**

	<u>Q1-Q3 2022</u>	<u>Q1-Q3 2021</u>
Net profit assignable to the shareholders	23,491,571	-
Average weighted number of ordinary shares	676,038,704	676,038,704
Earnings per share	0.0347	-

The basic earnings and the diluted earnings are identical, as the Company does not have investments with dilution potential.

**8. TANGIBLE AND INTANGIBLE ASSETS**

On September 30, 2022 the tangible assets decreased by 3% due to the impairment related to the period. The decrease of the intangible assets by 60 % is also due to impairment.

**9. ASSETS RELATED TO RIGHT-OF-USE**

	<u>Balance on Jan 1, 2022</u>	<u>Inputs</u>	<u>Outputs</u>	<u>Balance on Sept 30, 2022</u>
<b>Right of use</b>	<b>2,336,692</b>	<b>3,904,043</b>	<b>-2,971,350</b>	<b>3,269,386</b>
of which:				
Right of use of buildings	2,073,115	3,646,809	-2,660,890	3,059,034
Right of use of vehicles	263,578	257,234	-310,460	210,351
<b>Leasing debts</b>	<b>1,475,249</b>	<b>3,932,764</b>	<b>2,908,195</b>	<b>2,499,818</b>
of which:				
Recognized impairment	902,794	943,095	-1,036,103	809,787
Interest-related expenses	-	73,093	-	-

**10. OTHER LONG-TERM ASSETS**

Other long-term non-circulating assets diminished by 26% as a result of the reduction in sales with a collection term exceeding one year.

**ELECTROMAGNETICA SA**  
**EXPLANATORY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 9-MONTH PERIOD ENDING ON SEPTEMBER 30, 2022**  
(all amounts are expressed in RON, unless otherwise specified)

**11. STOCKS**

	<u><b>30 September 2022</b></u>	<u><b>31 December 2021</b></u>
Raw materials	10.387.069	9.892.908
Consumables	2.619.081	2.564.033
Finished products	4.795.609	3.037.841
Pending production	2.838.543	2.730.442
Other stocks	1.949.974	2.168.220
Adjustments for stocks depreciation	-2.193.131	-2.272.135
<b>Total</b>	<u><b>20.397.145</b></u>	<u><b>18.121.309</b></u>

The Company does no longer hold stock pledged against debt.

**12. TRADE RECEIVABLES**

Trade receivables increased by 17% as a result of deferred collection of some receivables for contracts related to state authorities (mayors' offices).

**13. CASH AND CASH EQUIVALENTS**

	<u><b>30 September 2022</b></u>	<u><b>31 December 2021</b></u>
Petty cash	20,212	15,492
Cash at bank	10,226,405	2,907,501
Cash equivalents	9,769	417
<b>Total</b>	<u><b>10,256,386</b></u>	<u><b>2,923,410</b></u>

The cash and cash equivalents increased by 251% compared to the beginning of the year and the credit balance from the previous year was fully covered.

**14. TRADE PAYABLES**

The long-term payables did not register significant variations compared to the end of 2021 (less than 1%).

Current liabilities registered a decrease of 24%, primarily due to the payment to the banks of the existing credit balance at the beginning of the year.

**15. TRANSACTIONS WITH RELATED PARTIES**

	<u><b>Q1-Q3 2022</b></u>	<u><b>Q1-Q3 2021</b></u>
<b>Sale of goods and services to subsidiaries</b>		
Electromagnetica Fire	17,685	16,525
Electromagnetica Prestserv	16,332	15,769
Procetel	28,998	192,781
<b>Total</b>	<u><b>63,015</b></u>	<u><b>225,075</b></u>

**ELECTROMAGNETICA SA**  
**EXPLANATORY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 9-MONTH PERIOD ENDING ON SEPTEMBER 30, 2022**  
(all amounts are expressed in RON, unless otherwise specified)

	<u>Q1-Q3 2022</u>	<u>Q1-Q3 2021</u>
<b>Purchase of goods and services from subsidiaries</b>		
Electromagnetica Fire	1,268,129	1,058,033
Electromagnetica Prestserv	982,411	837,434
Procetel	1,132,189	1,041,440
<b>Total</b>	<b>3,382,729</b>	<b>2,936,907</b>
	<u>30 September 2022</u>	<u>31 December 2021</u>
<b>Trade payables and other debts toward subsidiaries</b>		
Electromagnetica Fire	209,304	171,051
Electromagnetica Prestserv	260,754	123,092
Procetel	246,711	290,710
<b>Total</b>	<b>716,769</b>	<b>584,853</b>
	<u>30 September 2022</u>	<u>31 December 2021</u>
<b>Trade receivables</b>		
Electromagnetica Fire	-	52
Electromagnetica Prestserv	-	-
Procetel	-	197,497
<b>Total</b>	<b>-</b>	<b>197,549</b>

The transactions between related parties are carried out under normal market conditions. The affiliates do not carry out operations that have an impact on the group's earnings and losses. The Group's indicators are affected by over 90% by those of the Parent Company Electromagnetica.

## 16. COMMITMENTS AND CONTINGENT LIABILITIES

### Commitments

On September 30, 2022 the Company has commitments undertaken towards four financing banks as follows:

- For bank credits in the form of an overdraft for working capital in the amount of RON 57,000,000;
- non-cash guarantee agreement amounting to RON 30,000,000.

On September 30, 2022, the Company had at its disposal the amount of RON 56,244,048 undrawn from the loan facilities contracted with the banks.

Also on September 30, 2022, the Company had at its disposal the amount of RON 27,051,765, as being unused from the non-cash facilities for letters of guarantee.

According to the current loan contracts, the Company is subject to the fulfilment of certain conditions imposed by the banks. On September 30, 2022, the Company met all the financial indicators imposed in the financing contracts.

The commitments received from customers and tenants in the form of letters of guarantee, amount to lei 178,654 according to the contractual clauses.



**ELECTROMAGNETICA SA**  
**EXPLANATORY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 9-MONTH PERIOD ENDING ON SEPTEMBER 30, 2022**  
**(all amounts are expressed in RON, unless otherwise specified)**

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***Litigations***

The disputes in which the Company is involved refer to amounts that could not affect the Company's financial stability.

**17. EVENTS AFTER THE REPORTING DATE**

The management is not aware of events or other uncertainty factors that could significantly affect the company's income or liquidity, other than those mentioned.

**ELECTROMAGNETICA SA**  
**ECONOMIC AND FINANCIAL INDICATORS IN ACCORDANCE WITH ANNEX 13° OF THE FSA**  
**REGULATION 5/2018**  
**FOR THE 9-MONTH PERIOD ENDING ON SEPTEMBER 30, 2022**

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**ECONOMIC AND FINANCIAL INDICATORS**

<b>Name of the indicator</b>	<b>Calculation formula</b>	<b>Q1-Q3 2022</b>	<b>Q1-Q3 2021</b>
Current ratio	Currents assets/Current liabilities	2.67	1.53
Level of indebtedness	Long-term borrowed capital/ Share capital x 100	0.39	0.31
	Long-term borrowed capital / Invested capital x 100	0.39	0.31
Days sales outstanding ratio	Average client balance / Turnover x 270	121.0	63.4
Non-circulating assets turnover	(Turnover x 360/ 270)/ Non-current assets	0.68	1.21

**Note:**

1. **Current ratio** provides a guarantee related to covering the current liabilities from current assets.
2. **Level of indebtedness** expresses the effectiveness of the credit risk management, showing potential financing, liquidity issues, influencing the fulfilment the commitments undertaken.

Borrowed capital = Loans exceeding one year and other loans bearing interest  
Invested capital = Borrowed capital + Share capital

3. **Days sales outstanding ratio** expresses the Company's effectiveness in collecting its receivables, namely the number of days until the date on which the debtors pay their debts to the Company.
4. **Non-circulating assets turnover** expresses the effectiveness of the non-circulating assets management, by examining the turnover generated by a certain quantity of non-circulating assets.

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**EUGEN SCHEUŞAN**  
**Managing Director**

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**CRISTINA FLOREA**  
**Economic Manager**