

**ELECTROMAGNETICA SA**

**Quarterly Report on March 31,2023**

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**ELECTROMAGNETICA SA**

**SEPARATED QUARTERLY REPORT  
FOR THE FIRST QUARTER OF 2023**

**Separated financial results for the first quarter of 2023 (Q1 2023)  
as compared to the first quarter of 2022 (Q1 2022)  
(unaudited)**

## Separated Quarterly Report for Q1 2023

### Highlights of the three months ended on March 31, 2023 (Q1 2023)

- The Company's turnover of RON 53,223 thousand in Q1 2023 is 2% lower than in Q1 2022;
- The sales of unlicensed activities in the period of 3 months 2023, registered an increase of 20% compared to the same period in 2022;
- The licensed activities, especially the supply of energy, have been prudently reduced in order to continue in safe and efficient conditions, considering the following external and internal factors:
  - The lack of liquidity on the electricity market in Romania determined by the overcharging of the wholesale electricity market and the payment of the contribution to the energy transition fund;
  - The current legislation regarding capping and compensation of energy related to final customers (OG 119/01.09.2022)
  - The international situation of increasing the prices of CO2 emission certificates,
  - The current energy crisis generated by the conflict in Ukraine;
  - Increasing financing costs.

Indicator	Q1 2023	Q1 2022
Revenues from unlicensed activities	32,516	27,188
Revenues from licensed activities	20,707	27,082
<b>Turnover (thousand RON)</b>	<b>53,223</b>	<b>54,270</b>
<b>EBITDA* (thousand RON)</b>	<b>7,420</b>	<b>11,915</b>
<b>EBITDA margin (%)</b>	<b>14%</b>	<b>22%</b>
<b>Net Result (thousand RON)</b>	<b>3,931</b>	<b>9,726</b>
<b>Net Result per share (RON)</b>	<b>0.0058</b>	<b>0.0144</b>

\* EBITDA represents earnings before interest, taxes, depreciation, and amortization.

The following aspects determined the results obtained in the first quarter of the year:

- The production activity took place in difficult supply conditions generated by the war in Ukraine. He downgraded the increase in the prices of raw materials and materials fueling inflation and the delivery terms were extended, in many cases up to 6 months.
- For the licensed activity, the decrease in profit was caused by the introduction of the contribution to the Energy Transition Fund (EOG 119) starting on September 1, 2022. Under conditions similar to Q1 2022, the Company's profit would have been 10,273 thousand RON (+161% compared to the current and +5.6% compared to Q1 2022).
- The development and improvement activities of the buildings in Calea Rahovei 266-268 carried out with a view to better management and to maintain competitiveness on the rental space market;
- Continuation of the development programs of electric car charging equipment started in previous years.

Other aspects related to the first quarter of 2023:

The installation of photovoltaic panels has started, which, together with the existing hub of charging stations for electric cars, will lead to the fulfillment by Electromagnetica of the conditions regarding sustainability (environmental protection, energy efficiency, health, protection of employees and third parties).

## 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 of LED lighting, electric car charging stations);
- 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.

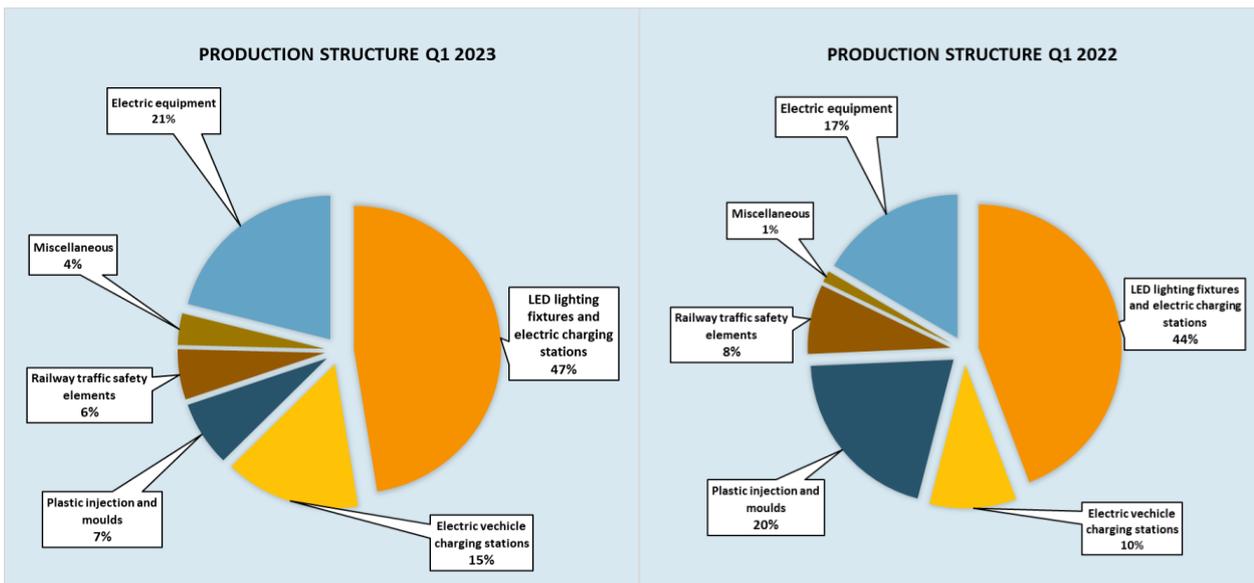
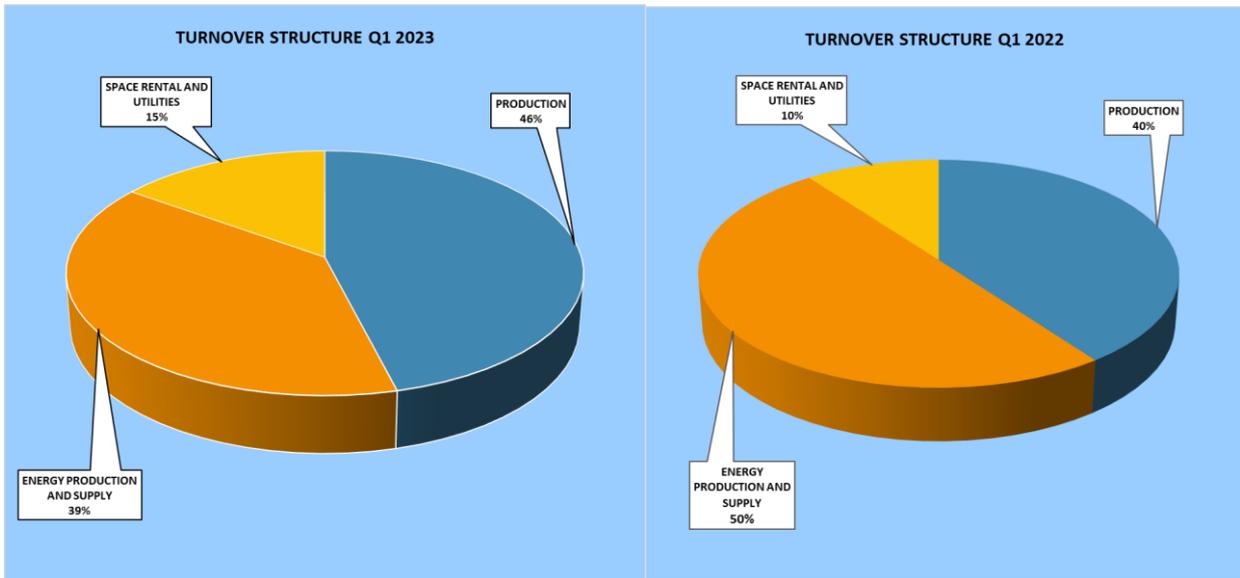
As aggregation criterion for reporting per business segments, the Company used the type of the regulatory environment and identified the following business segments for which it presents the information individually:

- Licensed activity - electricity supply and production
- Unlicensed 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.

- RON -

<b>Q1 2023</b>	<b>Unlicensed activity</b>	<b>% Total Company</b>	<b>Licensed activity</b>	<b>% Total Company</b>	<b>Total Company</b>
Net profit	2,754,259	70%	1,176,276	30%	3,930,535
Total assets	388,512,159	85%	66,637,870	15%	455,150,030
Total liabilities	54,754,955	82%	11,904,496	18%	66,659,450
Customer revenue	32,515,707	61%	20,707,033	39%	53,222,740
Interest income	88,506	100%	-	-	88,506
Impairment and depreciation	2,200,638	81%	515,736	19%	2,716,374
<b>Q1 2022</b>	<b>Unlicensed activity</b>	<b>% Total Company</b>	<b>Licensed activity</b>	<b>% Total Company</b>	<b>Total Company</b>
Net profit	111,801	1%	9,614,070	99%	9,725,871
Total assets	385,007,327	85%	65,979,351	15%	450,986,678
Total liabilities	60,015,085	73%	21,916,772	27%	81,931,856
Customer revenue	27,188,489	50%	27,081,639	50%	54,270,128
Interest income	5,342	100%	-	-	5,342
Impairment and depreciation	2,149,675	79%	555,779	21%	2,705,454



In the first quarter of 2023, for the industrial production activity, the contracting and development of activities that generate sustainability and energy efficiency, intelligent management of lighting systems, fast charge and ultrafast charge electric car charging stations and their management continued.

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE 3- MONTH PERIOD ENDED MARCH 31,2023 (UNAUDITED)**  
(all amounts are expressed in RON,unless otherwise specified)

	<u>Note</u>	<u>3-month period ended March 31,2023</u>	<u>3-month period ended March 31,2022</u>
<b>Revenues</b>	<b>4</b>	<b>53,222,740</b>	<b>54,270,128</b>
Investment income	4	87,354	4,543
Other net income and expenses	4	315,963	224,998
Changes in inventories of finished goods and work in progress	4	2,154,836	6,153,280
Own work capitalized	4	344,849	346,779
Raw materials and consumables used	5	(25,073,463)	(32,638,042)
Employee-related expenses	5	(9,556,459)	(8,379,915)
Expenses related to depreciation and impairment	5	(2,716,374)	(2,705,454)
Other expenses	5	(13,945,271)	(7,419,533)
Financial expenses	5	(131,704)	(410,664)
<b>Profit before tax</b>		<b>4,702,472</b>	<b>9,446,121</b>
Income tax	6	(771,937)	279,749
<b>Profit of the period</b>		<b>3,930,535</b>	<b>9,725,871</b>
<b>Other comprehensive income:</b>			
of which:			
Other comprehensive income that cannot be reclassified to profit or loss, of which:			
- restatement of deferred tax for revaluation of assets written off		-	-
<b>Comprehensive income for the period</b>		<b>3,930,535</b>	<b>9,725,871</b>
<b>Basic/diluted earnings per share</b>	<b>7</b>	<b>0.0058</b>	<b>0.0144</b>

These separate financial statements were approved for issue by the management as at May 11, 2023:

**EUGEN SCHEUŞAN**  
General Director

**CRISTINA FLOREA**  
Chief Financial Officer

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31,2023 (UNAUDITED)**  
(all amounts are expressed in RON, unless otherwise specified)

	Note	March 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	309,375,527	309,248,377
Investment property		16,573,349	16,573,349
Intangible assets		729,956	787,901
Investments in related entities		841,908	841,908
Other long-term non current assets		9,210,039	9,920,728
Assets related to the rights of use	9	2,298,027	2,160,053
<b>Total non-current assets</b>		<b>339,028,806</b>	<b>339,532,316</b>
<b>Current assets</b>			
Inventories	10	21,416,183	20,209,997
Trade receivable	11	83,605,663	76,173,055
Cash and cash equivalents	12	8,536,010	10,713,669
Other current assets		2,563,367	1,699,960
Current tax assets		-	177,392
<b>Total current assets</b>		<b>116,121,223</b>	<b>108,974,073</b>
<b>Total assets</b>		<b>455,150,030</b>	<b>448,506,389</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		67,603,870	67,603,870
Reserves and other equity		195,586,690	196,462,928
Retained earnings		125,300,019	120,493,247
<b>Total equity attributable to company's shareholders</b>		<b>388,490,579</b>	<b>384,560,045</b>
<b>Non-current liabilities</b>			
Trade payables and other liabilities	13	636,601	700,176
Investment subsidies		3,879,846	3,920,651
Deferred tax liabilities		22,160,963	22,429,646
Leasing debts		1,180,354	1,299,749
<b>Total non-current liabilities</b>		<b>27,857,765</b>	<b>28,350,222</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	13	34,419,828	32,339,773
Investment subsidies		163,219	163,219
Provisions		2,199,338	2,199,338
Current income tax liabilities		863,228	-
Leasing debts	9	1,156,072	893,792
<b>Total current liabilities</b>		<b>38,801,686</b>	<b>35,596,123</b>
<b>Total liabilities</b>		<b>66,659,450</b>	<b>63,946,345</b>
<b>Total equity and liabilities</b>		<b>455,150,030</b>	<b>448,506,389</b>

These separate financial statements were approved for issue by the management as at May 11, 2023:

**EUGEN SCHEUŞAN**  
General Director

**CRISTINA FLOREA**  
Chief Financial Officer

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF CASH FLOWS**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31,2023 (UNAUDITED)**  
(all amounts are expressed in RON,unless otherwise specified)

<u>Nota</u>	<u>3-month period ended March 31,2023</u>	<u>3-month period ended March 31,2022</u>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	51,724,768	50,834,519
Payments to suppliers	(30,975,870)	(35,501,894)
Payments to employees	(8,987,779)	(8,634,704)
Other operating activities	(13,060,561)	(4,100,895)
<b>Cash generated by/ (used in) operating activities</b>	<b>(1,299,442)</b>	<b>2,597,026</b>
Interest paid	(1,469)	(222,422)
Income tax paid	-	-
<b>Net cash used in operating activities</b>	<b>(1,300,911)</b>	<b>2,374,604</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(623,496)	(31,572)
Proceeds from sale of non-current-assets	12,150	33,300
Interest received	90,920	4,583
Dividends received	-	-
<b>Net cash used in investing activities</b>	<b>(520,426)</b>	<b>6,311</b>
<b>Cash flows from financing activities:</b>		
Proceeds from loans	1,964,851	18,830,126
Cash repayments of amounts borrowed	(1,964,851)	(21,602,946)
Paid leasing	(327,322)	(284,908)
Interest paid	(26,872)	(24,429)
Dividends paid	(2,127)	(2,514)
<b>Net cash used in financing activities</b>	<b>(356,321)</b>	<b>(3,084,671)</b>
<b>Net decrease of cash and cash equivalents</b>	<b>(2,177,659)</b>	<b>(703,755)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>10,713,669</b>	<b>2,923,410</b>
<b>Cash and cash equivalents at end of period</b>	<b>12</b>	<b>8,536,010</b>
		<b>2,219,655</b>

These separate financial statements were approved for issue by the management as at May 11, 2023:

**EUGEN SCHEUŞAN**  
General Director

**CRISTINA FLOREA**  
Chief Financial Officer

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2023 (UNAUDITED)**  
(all amounts are expressed in RON, unless otherwise specified)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Tangible assets revaluation reserve</u>	<u>Other reserves</u>	<u>Legal reserve</u>	<u>Other equity items</u>	<u>Total equity</u>
<b>Balance as of January 1, 2023</b>	<b>67,603,870</b>	<b>120,493,248</b>	<b>149,935,370</b>	<b>57,975,275</b>	<b>12,541,942</b>	<b>(23,989,660)</b>	<b>384,560,045</b>
<b>Comprehensive income for the period:</b>							
Profit of the period	-	3,930,535	-	-	-	-	3,930,535
<b>Other comprehensive income:</b>							
Setup of legal reserve	-	-	-	-	-	-	-
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	1,043,140	(1,043,140)	-	-	-	-
Transfer deferred tax recognized in equity to retained earnings	-	(166,902)	-	-	-	166,902	-
Transfer of the retained earnings to reserves	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>4,806,771</b>	<b>(1,043,140)</b>	<b>-</b>	<b>-</b>	<b>166,902</b>	<b>3,930,535</b>
<b>Transactions with shareholders, directly registered to equity</b>							
Dividends distributed	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
<b>Balance as of March 31, 2023</b>	<b>67,603,870</b>	<b>125,300,019</b>	<b>148,892,231</b>	<b>57,975,275</b>	<b>12,541,942</b>	<b>(23,822,757)</b>	<b>388,490,579</b>

These separate financial statements were approved for issue by the management as at May 11, 2023:

\_\_\_\_\_  
**EUGEN SCHEUŞAN**  
General Director

\_\_\_\_\_  
**CRISTINA FLOREA**  
Chief Financial Officer

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2023 (UNAUDITED)**  
(all amounts are expressed in RON, unless otherwise specified)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Tangible assets revaluation reserve</u>	<u>Other reserves</u>	<u>Legal reserve</u>	<u>Other equity items</u>	<u>Total equity</u>
<b>Balance as of 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>							
Profit of the period	-	9,725,871	-	-	-	-	9,725,871
<b>Other comprehensive income:</b>							
Setup of legal reserve	-	-	-	-	-	-	-
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	1,075,444	(1,075,444)	-	-	-	-
Transfer deferred tax recognized in equity to retained earnings	-	(172,071)	-	-	-	172,071	-
Transfer of the retained earnings to reserves	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>10,629,244</b>	<b>(1,075,444)</b>	<b>-</b>	<b>-</b>	<b>172,071</b>	<b>9,725,871</b>
<b>Transactions with shareholders, directly registered to equity</b>							
Dividends distributed	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
<b>Balance as of March 31, 2022</b>	<b>67,603,870</b>	<b>86,214,050</b>	<b>153,102,641</b>	<b>66,840,830</b>	<b>19,789,854</b>	<b>(24,496,423)</b>	<b>369,054,822</b>

These separate financial statements were approved for issue by the management as at May 11, 2023:

\_\_\_\_\_  
**EUGEN SCHEUŞAN**  
General Director

\_\_\_\_\_  
**CRISTINA FLOREA**  
Chief Financial Officer

**ELECTROMAGNETICA SA**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31,2023**  
**(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 LED lighting fittings, systems and solutions of LED lighting,electric car charging station)
- ✓ Rental of office and industrial spaces, lands and utility services;
- ✓ Production of electricity from renewable sources (in micro-hydropower 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, district 5, 266-268 Calea Rahovei Street.

## **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 31 March 2023 was neither audited, nor subject to review by an external auditor.

## **3. MAIN ACCOUNTING POLICIES**

This separate 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 31 December 2022, except for the adoption of the new standards in force as of 1 January 2023. The Company has not adopted any other standard, interpretation or amendment that was issued but not yet in force.

The following new standards, amendments to existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **IFRS 17 “Insurance Contracts”** including amendments to IFRS 17 issued by IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IFRS 17 “Insurance contracts”** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information, adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** – Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 “Income Taxes”** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023).

### **New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU**

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU.

- **Amendments to IAS 1 “Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),

**ELECTROMAGNETICA SA**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31,2023**  
(all amounts are expressed in RON,unless otherwise specified)

- **Amendments to IFRS 16 “Leases”** - Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024),
- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

#### 4. REVENUES

##### Q1 2023

<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>Licensed activity</b>	<b>Unlicensed activity</b>
<i>Revenue from the production of electricity from renewable sources and from the supply of electricity</i>	20,707,034	-
<i>Revenues from sales of finished products, goods and others (LED lighting fixtures, electric vehicle charging stations, plastic injectors and molds, low-voltage electrical equipment, rail traffic safety elements)</i>	-	16,049,859
<i>Revenue from services provided (works on systems and solutions for lighting and charging electric vehicles)</i>	-	8,455,138
<b>TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>20,707,034</b>	<b>24,504,997</b>
<b>RENTAL INCOME</b>	<b>-</b>	<b>8,010,710</b>
<b>TOTAL REVENUE</b>	<b>20,707,034</b>	<b>32,515,707</b>

##### Q1 2022

<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>Licensed activity</b>	<b>Unlicensed activity</b>
<i>Revenue from the production of electricity from renewable sources and from the supply of electricity</i>	27,081,639	-
<i>Revenues from sales of finished products, goods and others (LED lighting fixtures, electric vehicle charging stations, plastic injectors and molds, low-voltage electrical equipment, rail traffic safety elements)</i>	-	15,743,835
<i>Revenue from services provided (works on systems and solutions for lighting and charging electric vehicles)</i>	-	5,923,113
<b>TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>27,081,639</b>	<b>21,666,948</b>
<b>RENTAL INCOME</b>	<b>-</b>	<b>5,521,542</b>
<b>TOTAL REVENUE</b>	<b>27,081,639</b>	<b>27,188,490</b>

**ELECTROMAGNETICA SA**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31,2023**  
(all amounts are expressed in RON,unless otherwise specified)

**The moment of recognition of revenues from contracts with customers**

**Q1 2023**

	<b><u>Licensed activity</u></b>	<b><u>Unlicensed activity</u></b>
Goods and services transferred at a point in time	-	16,049,859
Goods and services transferred over time	20,707,034	8,455,138
<b>Total revenue from contracts with customers</b>	<b><u>20,707,034</u></b>	<b><u>24,504,997</u></b>

**Q1 2022**

	<b><u>Licensed activity</u></b>	<b><u>Unlicensed activity</u></b>
Goods and services transferred at a point in time	-	15,743,835
Goods and services transferred over time	27,081,639	5,923,113
<b>Total revenue from contracts with customers</b>	<b><u>27,081,639</u></b>	<b><u>21,666,948</u></b>

Most of the revenues are generated in Romania.

The disaggregation of revenue at the product level is:

	<b><u>Q1 2023</u></b>	<b><u>Q1 2022</u></b>
Electric vehicle charging stations	3,669,091	2,124,690
Electrical appliances	5,153,446	3,591,228
Security features for CFR	1,387,960	1,698,113
Plastic injections and molds	1,791,427	4,390,597
LED luminaires	11,631,876	9,584,849
Others	871,198	277,471
<b>TOTAL PRODUCTION</b>	<b><u>24,504,997</u></b>	<b><u>21,666,948</u></b>

**OTHER NET INCOME AND EXPENSES**

	<b><u>Q1 2023</u></b>	<b><u>Q1 2022</u></b>
Revenue from Green Certificates	153,540	389,858
Revenue/(expense) related to provisions	182,416	(222,329)
Net exchange rate difference	(93,991)	(32,419)
Other net income/(expenses)	73,998	89,888
<b>TOTAL</b>	<b><u>315,963</u></b>	<b><u>224,998</u></b>

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**5. EXPENCSES**

	<b>Q1 2023</b>	<b>Q1 2022</b>
<b>Expenses related to materials</b>	<b>25,073,463</b>	<b>32,638,042</b>
- Expenses on raw materials and consumables	13,095,289	16,022,367
- Expenses on goods acquisitions	9,617,479	14,864,454
- Expenses on electricity, water,gas	2,360,695	1,751,221
<b>Employee-related expenses</b>	<b>9,556,459</b>	<b>8,379,915</b>
<b>Other expenses</b>	<b>13,945,271</b>	<b>7,419,533</b>
- Transport and travel	215,122	239,378
- Subcontracted work	1,862,581	2,705,834
- Other taxes	8,003,419	351,519
- Cost of green certificates	308,385	591,803
- Other operating expenses	3,555,764	3,530,999
<b>Expenses related to depreciation and impairment</b>	<b>2,716,374</b>	<b>2,705,454</b>
- Depreciation expenses	2,716,374	2,705,454
- Net impairment	-	-
<b>Financial expenses</b>	<b>131,704</b>	<b>410,664</b>
<b>Total expenses</b>	<b>51,423,270</b>	<b>51,553,607</b>

**6. INCOME TAX**

	<b>Q1 2023</b>	<b>Q1 2022</b>
<b>Current income tax</b>		
Current income tax expenses	1,040,620	-
<b>Deferred income tax</b>		
Deferred income tax income	(268,683)	(279,749)
<b>Total income tax</b>	<b>771,937</b>	<b>(279,749)</b>

**7. EARNINGS PER SHARE**

	<b>Q1 2023</b>	<b>Q1 2022</b>
Net profit attributable to the shareholders	3,930,535	9,725,871
Average weighted number of ordinary shares	676,038,704	676,038,704
Earnings per share	0.0058	0.0144

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

**8. NON-CURRENT ASSETS**

On March 31, 2023, the non-current assets had an insignificant variation (less than 1%) compared to the end of 2022.

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**9. RIGHT OF USE ASSETS**

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
<b>Cost</b>			
<b>As of 31 December 2022</b>	<b>2,623,612</b>	<b>230,821</b>	<b>2,854,432</b>
Additions	589,548	23,068	612,616
Disposals	(225,463)	-	(225,463)
<b>As of 31 March 2023</b>	<b>2,987,697</b>	<b>253,889</b>	<b>3,241,585</b>
<b>Cumulative depreciation</b>			
<b>As of 31 December 2022</b>	<b>(618,849)</b>	<b>(75,530)</b>	<b>(694,379)</b>
Depreciation of the year	(307,928)	(24,307)	(332,235)
Cumulative depreciation related to disposals	83,055	-	83,055
<b>As of 31 March 2023</b>	<b>(843,721)</b>	<b>(99,837)</b>	<b>(943,558)</b>
<b>Net book value</b>			
<b>As of 31 December 2022</b>	<b>2,004,763</b>	<b>155,291</b>	<b>2,160,053</b>
<b>As of 31 March 2023</b>	<b>2,143,976</b>	<b>154,052</b>	<b>2,298,027</b>

The following amounts were recognized in the profit and loss account:

	<u>Q1 2023</u>	<u>Q1 2022</u>
Depreciation expense related to the rights of use of the rented assets	332,234	256,163
Interest on leasing liabilities	26,917	24,429
<b>Total amounts recognized in the profit and loss account</b>	<b>359,151</b>	<b>280,592</b>

On March 31, 2023, the value was RON 2,336,426 (1,156,072 short term and 1,180,354 long term).

On December 31, 2022, leasing debts in the amount of RON 2,193,541 related to operational leasing contracts, of which short-term debts in the amount of RON 893,792 and long-term debts in the amount of RON 1,299,749.

**10. INVENTORIES**

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	11,294,627	8,349,443
Consumables	3,043,929	2,613,535
Finished products	4,074,503	5,432,527
Work in progress	3,689,549	3,436,021
Other inventories	1,735,493	2,708,816
Adjustments for stocks depreciation	(2,421,918)	(2,330,345)
<b>Total</b>	<b>21,416,183</b>	<b>20,209,997</b>

The Company no longer holds stock pledged against debt.

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**11. TRADE RECEIVABLES**

Trade receivables increased by 10% compared to December 31, 2022, mainly as a result of the increase in sales of unlicensed activities, combined with the non-payment on time of receivables financed by government programs.

**12. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Petty cash	15,753	18,536
Cash at bank	8,510,665	10,692,777
Cash equivalents	9,592	2,356
<b>Total</b>	<b>8,536,010</b>	<b>10,713,669</b>

Cash and cash equivalents decreased by 20%, due to the increase in uncollected receivables. Credit lines were used sparingly, all withdrawals being fully reimbursed by the end of the reporting period.

**13. TRADE AND OTHER PAYABLES**

The non-current liabilities did not register significant variations compared to the end of 2022 (-2%).

The current liabilities registered an increase of 9%, as a result of the increase in sales, especially for the production activity.

**14. TRANZACTIIONS WITH RELATED PARTIES**

	<b>Q1 2023</b>	<b>Q1 2022</b>
<b>Sale of goods and services to subsidiaries</b>		
Electromagnetica Fire	6,470	6,847
Electromagnetica Prestserv	5,931	5,926
Procetel	41,664	9,582
<b>Total</b>	<b>54,065</b>	<b>22,355</b>
	<b>Q1 2023</b>	<b>Q1 2022</b>
<b>Purchase of goods and services from subsidiaries</b>		
Electromagnetica Fire	421,370	442,588
Electromagnetica Prestserv	357,523	327,551
Procetel	379,802	313,842
<b>Total</b>	<b>1,158,695</b>	<b>1,083,981</b>
	<b>March 31, 2023</b>	<b>December 31, 2022</b>
<b>Trade and other liabilities toward subsidiaries</b>		
Electromagnetica Fire	328,452	132,899
Electromagnetica Prestserv	423,023	256,302
Procetel	171,754	22,865
<b>Total</b>	<b>923,229</b>	<b>412,066</b>

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On December 31, 2022 and March 31, 2023, there are no outstanding trade receivables with affiliated companies. 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 results. The Group's indicators are affected by over 90% by those of the Parent Company, Electromagnetica.

#### **15. COMMITMENTS AND CONTINGENT LIABILITIES**

##### **Commitments**

As of March 31,2023, the Company had the following commitments granted by four financing banks:

- For bank credits as working capital the amount of RON 57,000,000;
- Non-cash guarantee agreements in amount of RON 30,000,000.

As of March 31, 2023, the Company had at its disposal an amount of RON 57,000,000 not drawn from the loan facilities contracted with the banks.

As of March 31, 2023, the Company had at its disposal the amount of RON 26,356,499 as unused, from the non-cash facilities for letters of guarantee.

According to the current loan agreements, the Company is subject to the fulfillment of certain conditions imposed by the banks. On March 31, 2023, the Company complied with all financial indicators imposed in the financing contracts.

The commitments received from clients and tenants in the form of letters of guarantee on March 31, 2023, are worth RON 191,830 according to the contractual clauses.

##### ***Litigation***

The litigations in which the company is involved are values that are not likely to affect the financial stability of the company.

#### **16. EVENTS AFTER THE REPORTING DATE**

The agenda of the General Meeting of Shareholders on April 27, 2023, includes the proposal regarding the distribution of the accounting profit recorded in the previous year in the amount of 25,231,093 RON, for dividends the amount of RON 3,380,194 (representing 0.005 lei/share) , respectively reserves (including the legal reserve) RON 21,850,899.

**RATIOS IN ACCORDANCE WITH APPENDIX 13<sup>o</sup> FROM REGULATION 5/2018  
ISSUED BY FSA**

<b>Name of the indicators</b>	<b>Calculation formula</b>	<b>Q1 2023</b>	<b>Q1 2022</b>
Current ratio	Current assets/Current liabilities	2.99	1.93
Level of indebtedness	Long term borrowed capital/ Share capital x 100	0.31	0.29
	Long term borrowed capital/ Invested capital x 100	0.30	0.29
Days sales outstanding ratio	Average client balance/ Turnover x 90	135.0	120.0
Fixed assets turnover	(Turnover x 360/ 90)/ Non-current assets	0.62	0.62

**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, with effects on honoring 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. **Fixed assets turnover** expresses the effectiveness of the fixed assets management, by examining the turnover generated by a certain quantity of fixed assets

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**EUGEN SCHEUŞAN**

General Director

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**CRISTINA FLOREA**

Chief Financial Officer