



Quarterly Report 30 September 2020



ELECTROMAGNETICA SA

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ELECTROMAGNETICA SA

SEPARATED QUARTERLY REPORT FOR THE THIRD QUARTER OF 2020

Separated Financial Results

**For the Third Quarter of 2020 (Q3 2020) as Compared to the
Third Quarter of 2019 (Q3 2019)
(unaudited)**

Separated Quarterly Report for Q3 2020

Highlights of the three months ended 30 September 2020 (Q3 2020)

- Turnover of RON 47,542 thousand during Q3 2020, by 24% lower than Q3 2019;
- 35% lower sales for the electricity supply activity during the 3-month period of 2020 compared to the same period of 2019;
- Maintaining industrial products and space rental activities close to the level of the 3rd quarter of 2019;
- Contracts for LED lighting systems amounting to minimum 16,000 thousand RON to be performed during the next period

Indicator	<u>Q3 2020</u>	<u>Q3 2019</u>	<u>Q1 -Q3 2020</u>	<u>Q1 -Q3 2019</u>
Revenues from unlicensed activities	20,859	21,412	63,393	68,573
Revenues from licensed activities	<u>26,683</u>	<u>40,828</u>	<u>149,461</u>	<u>102,512</u>
Turnover (thousand RON)	<u>47,542</u>	<u>62,240</u>	<u>212,854</u>	<u>171,085</u>
EBITDA* (thousand RON)	<u>2,241</u>	<u>3,878</u>	<u>10,002</u>	<u>18,263</u>
EBITDA margin (%)	<u>4.71%</u>	<u>10.80%</u>	<u>4.70%</u>	<u>10.67%</u>
Net Result (thousand RON)	<u>(95)</u>	<u>1,079</u>	<u>1,546</u>	<u>9,239</u>
NetResult per share (RON)	<u>(0.0001)</u>	<u>0.0623</u>	<u>0.0023</u>	<u>0.0137</u>

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

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

- Activities decreased, being affected by the reduced demand as a result of the restrictions imposed by COVID-19 as well as by the surplus of energy production in the market;
- Carrying out some expenses for designing the office spaces located at Calea Rahovei 266-268 for an improved management;
- Continuing the research programmes in the field of electric car charging equipment started the previous year.

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.

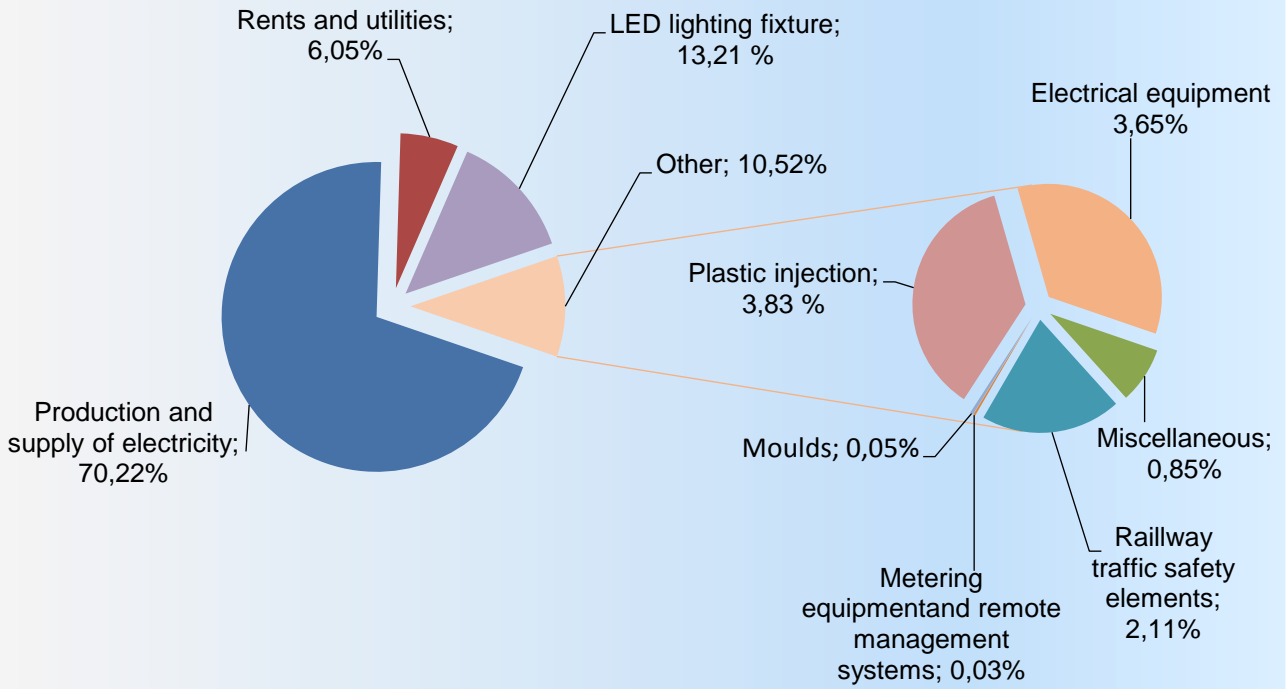
As aggregation criterion for reporting per business segments, the Company used the type of the regulatory environment and identified the following business segments for which it presents the information individually:

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

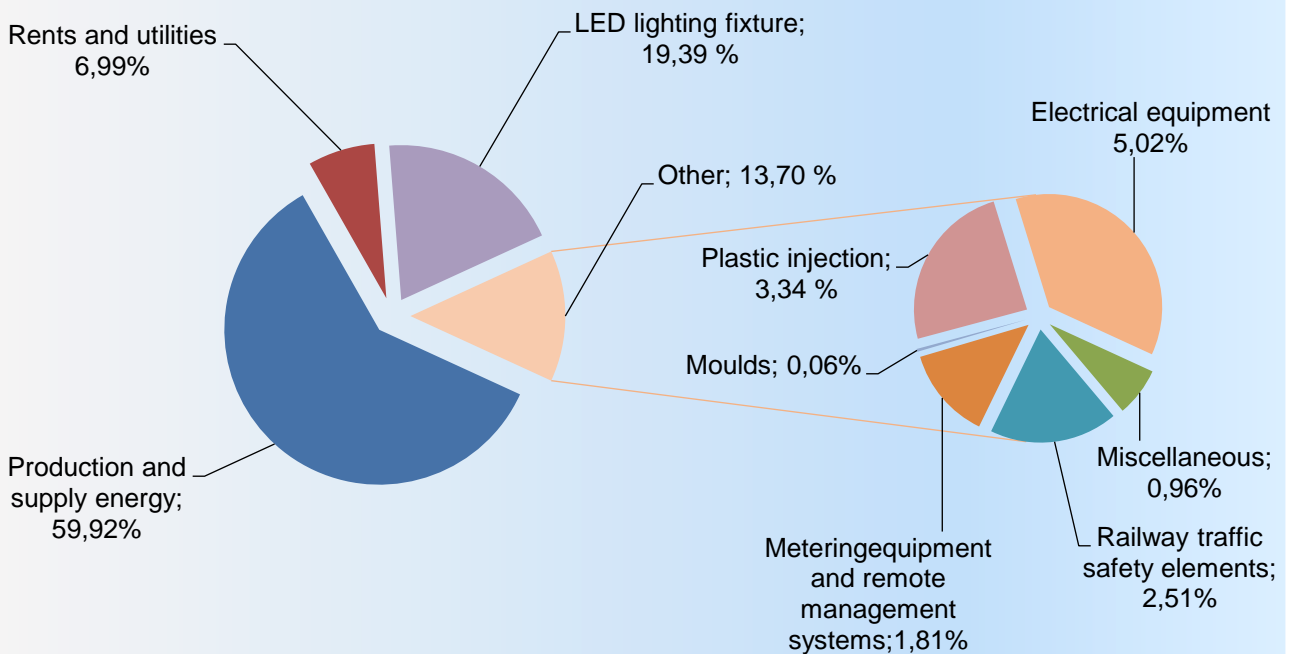
The aggregation criterion is based on the necessary license for carrying out certain activities, as well as its requirements, including the submission of individual financial statements. The activities of production and supply of electricity have been aggregated, taking into consideration the fact that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

Q1-Q3 2020	Unlicensed activity	% Total Company	Licensed activity	% Total Company	Total Company
Net profit	(2,710,235)	n/a	4,256,440	n/a	1,546,205
Total assets	301,982,110	77.01	90,146,789	22.99	392,128,899
Total liabilities	37,766,387	65.47	19,916,648	34.53	57,683,035
Customer revenue	63,392,663	29.78	149,461,016	70.22	212,853,679
Interest income	233,636	100.0	-	-	233,636
Impairment and depreciation	5,421,963	68.52	2,491,500	31.48	7,913,463
Q1-Q3 2019	Unlicensed activity	% Total Company	Licensed activity	% Total Company	Total Company
Net profit	1,210,723	n/a	8,028,649	n/a	9,239,372
Total assets	322,778,560	77.85	91,851,240	22.15	414,629,800
Total liabilities	50,176,528	67.65	23,991,248	32.35	74,167,776
Customer revenue	68,573,134	40.08	102,512,181	59.92	171,085,315
Interest income	292,986	100.0	-	-	292,986
Impairment and depreciation	6,262,137	81.26	1,443,924	18.74	7,706,061

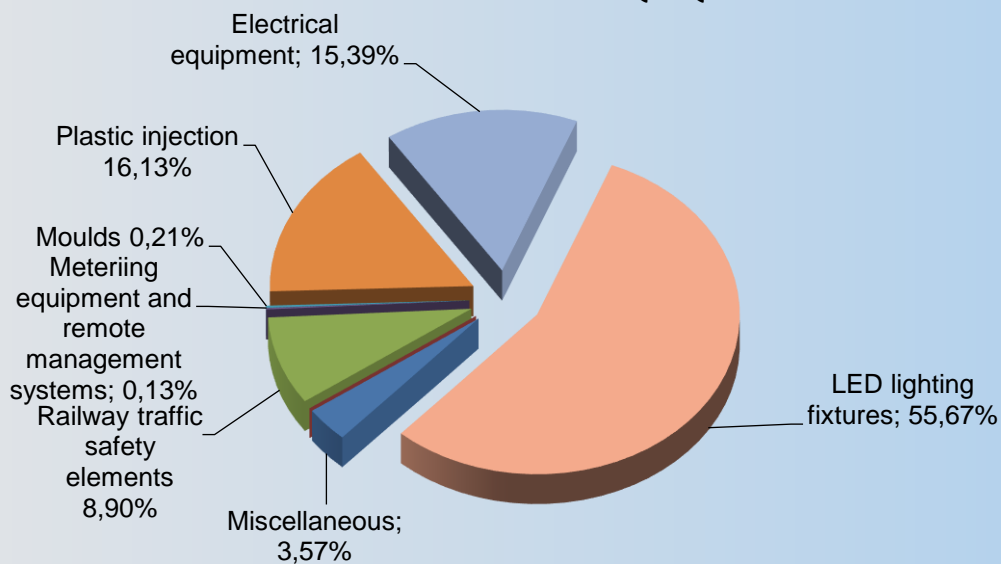
Turnover structure in Q1-Q3 2020 (% in total Turnover)



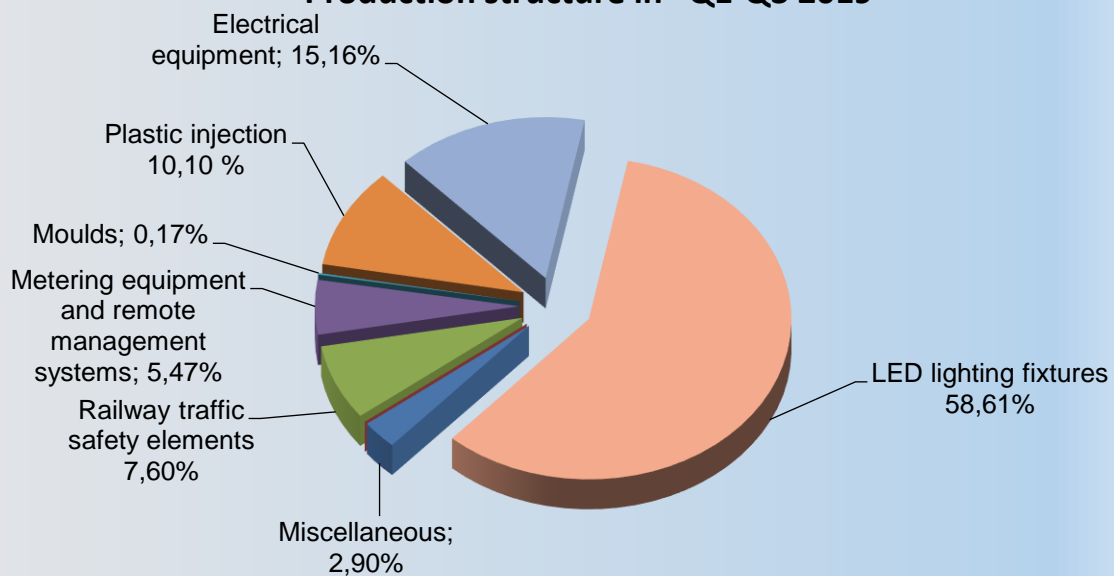
Turnover structure in Q1-Q3 2019 (% in total Turnover)



Production structure in Q1-Q3 2020



Production structure in Q1-Q3 2019



Q3 2020	Q3 2019		Q1-Q3 2020	Q1-Q3 2019
47,542,441	62,240,163	Revenues	212,853,679	171,085,315
82,352	117,703	Investment income	870,881	951,473
588,124	1,473,584	Other net income	2,363,453	4,971,496
1,664,932	4,797,992	Changes in inventories of finished goods and work in progress	6,371,090	15,363,442
569,025	98,489	Own work capitalized	1,390,653	478,906
(32,578,839)	(46,493,097)	Raw materials and consumables used	(165,168,790)	(120,166,016)
(6,893,947)	(8,905,924)	Employee-related expenses	(22,605,325)	(27,205,122)
(2,279,568)	(2,534,495)	Expenses related to depreciation and impairment	(7,913,463)	(7,706,061)
(8,525,026)	(9,260,742)	Other expenses	(25,439,410)	(26,648,420)
(208,488)	(190,468)	Financial expenses	(634,072)	(567,892)
(38,995)	1,343,205	Profit before tax	2,088,696	10,557,121
(56,079)	(263,834)	Income tax	(542,491)	(1,317,748)
(95,074)	1,079,371	Profit of the period	1,546,205	9,239,372

	September 30, 2020	December 31, 2019
ASSETS		
Non-current assets		
Property, plant and equipment	272,926,893	277,545,153
Investment property	5,182,279	5,182,279
Intangible assets	336,353	466,487
Investments in related entities	3,967,606	3,967,606
Other long-term non-current assets	23,472,841	24,702,276
Assets related to the rights of use	2,328,031	1,480,078
Total non-current assets	308,214,003	313,343,879
Current assets		
Inventories	13,862,959	15,411,327
Trade receivables	48,635,790	55,114,158
Cash and cash equivalents	18,617,450	21,711,183
Other current assets	2,418,269	1,939,785
Current tax assets	380,427	760,012
Total current assets	83,914,895	94,936,464
Total assets	392,128,899	408,280,342
EQUITY AND LIABILITIES		
Equity		
Share capital	67,603,870	67,603,870
Reserves and other equity	176,732,120	176,697,881
Retained earnings	90,109,874	91,301,725
Total equity attributable to company's shareholders	334,445,864	335,603,476
Non-current liabilities		
Trade payables and other liabilities	1,531,898	1,265,003
Investment subsidies	4,311,789	4,410,306
Deferred tax liabilities	16,846,618	17,333,187
Leasing debts	1,441,114	728,164
Total non-current liabilities	24,131,419	23,736,660
Current liabilities		
Trade payables and other liabilities	30,127,771	46,268,240
Investment subsidies	163,219	163,219
Provisions	2,351,506	1,806,142
Current income tax liabilities	-	-
Leasing debts	909,120	702,605
Total current liabilities	33,551,616	48,940,206
Total liabilities	57,683,035	72,676,866
Total equity and liabilities	392,128,899	408,280,342

Q3 2020	Q3 2019		Q1-Q3 2020	Q1-Q3 2019
		Cash flows from operating activities		
53,695,160	67,292,844	Cash receipts from customers	206,812,567	181,691,580
(37,741,380)	(47,492,013)	Payments to suppliers	(165,371,089)	(129,830,227)
(6,514,032)	(8,683,963)	Payments to employees	(22,870,964)	(26,752,240)
(5,907,285)	(5,700,563)	Other operating activities	(17,898,497)	(17,419,344)
3,532,463	5,416,305	Cash generated by/ (used in) operating activities	672,016	7,689,769
(3,544)	(87)	Interest paid	(24,107)	(4,813)
	(923,337)	Income tax paid	(649,137)	(1,791,881)
3,528,918	4,492,881	Net cash used in operating activities	(1,227)	5,893,075
		Cash flows from investing activities:		
(214,596)	(258,512)	Acquisition of property, plant and equipment	(775,063)	(637,655)
(7,973)	-	Proceeds from sale of non-current-assets	-	-
82,924	114,185	Interest received	226,034	386,611
-	-	Dividends received	637,245	658,487
(139,645)	(144,327)	Net cash used in investing activities	88,216	407,442
		Cash flows from financing activities:		
493,043	2,014,095	Proceeds from loans	34,061,314	6,656,673
(2,352,778)	(2,014,095)	Cash repayments of amounts borrowed	(34,061,314)	(6,656,673)
(300,676)	(424,245)	Paid leasing	(933,214)	(1,028,839)
(2,177,591)	(139,461)	Interest paid	(63,370)	-
(21,323)	45,534	Dividends paid	(2,184,137)	(2,411,422)
(4,359,326)	(518,172)	Net cash used in financing activities	(3,180,721)	(3,440,261)
(970,053)	3,830,382	Net (decrease)/increase of cash and cash equivalents	(3,093,732)	2,860,256
19,587,503	28,192,188	Cash and cash equivalents at beginning of period	21,711,183	29,162,314
18,617,450	32,022,570	Cash and cash equivalents at end of period	18,617,450	32,022,570

	<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>
Balance as at January 1, 2020	67,603,870	91,301,725	113,135,988	62,841,298	19,680,554	(18,959,960)	335,603,476
Comprehensive income for the period:							
Profit of the period	-	1,546,205	-	-	-	-	1,546,205
Other comprehensive income:							
Setup of legal reserve	-	(249,060)	-	144,625	104,435	-	-
Deferred tax recognized in equity	-	-	-	-	-	338	338
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	1,750,630	(1,750,630)	-	-	-	-
Transfer of the retained earnings to reserves	-	(1,535,471)	-	1,535,471	-	-	-
Total comprehensive income for the period	-	1,512,304	(1,750,630)	1,680,096	104,435	338	1,546,543
Transactions with shareholders, directly registered to equity							
Dividends distributed	-	(2,704,155)	-	-	-	-	(2,704,155)
Other items	-	-	-	-	-	-	-
Balance as at September 30, 2020	67,603,870	90,109,874	111,385,359	64,521,394	19,784,989	(18,959,622)	334,445,864

	<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>
Balance as at January 1, 2019	<u>67,603,870</u>	<u>88,933,828</u>	<u>115,838,396</u>	<u>60,971,315</u>	<u>19,431,494</u>	<u>(18,534,593)</u>	<u>334,244,312</u>
Comprehensive income for the period:							
Setup of legal reserve	-	9,239,372	-	-	-	-	9,239,372
Deferred tax recognized in equity	-	-	-	(527,856)	527,856	-	-
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	2,042,859	(2,042,859)	-	-	-	-
Transfer of the retained earnings to reserves	-	(2,119,042)	-	2,119,042	-	-	-
Total comprehensive income for the period	<u>-</u>	<u>(9,163,189)</u>	<u>(2,042,859)</u>	<u>1,591,186</u>	<u>527,856</u>	<u>945,338</u>	<u>9,239,372</u>
Tranzacții cu acționarii, înregistrate direct în capitaluri proprii							
Dividends distributed	-	(2,704,155)	-	-	-	-	(2,704,155)
Other items	-	-	-	-	-	(317,504)	(317,504)
Balance as at September 30, 2019	<u>67,603,870</u>	<u>95,392,862</u>	<u>113,795,536</u>	<u>62,562,501</u>	<u>19,959,350</u>	<u>(18,852,097)</u>	<u>340,462,024</u>

ELECTROMAGNETICA SA

**INTERIM CONDENSED SEPARATED FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED AT SEPTEMBER 30, 2020 (UNAUDITED)**

ELECTROMAGNETICA SA
INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2020 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	Note	9-month period ended September 30, 2020	9-month period ended September 30, 2019
Revenues	4	212,853,679	171,085,315
Investment income	4	870,881	951,473
Other net income and expenses	4	2,363,453	4,971,496
Changes in inventories of finished goods and work in progress	4	6,371,090	15,363,442
Own work capitalized	4	1,390,653	478,906
Raw materials and consumables used	5	(165,168,790)	(120,166,016)
Employee-related expenses	5	(22,605,325)	(27,205,122)
Expenses related to depreciation and impairment	5	(7,913,463)	(7,706,061)
Other expenses	5	(25,439,410)	(26,648,420)
Financial expenses	5	(634,072)	(567,892)
Profit before tax		2,088,696	10,557,121
Income tax	6	(542,491)	(1,317,748)
Profit of the period		1,546,205	9,239,372
Other comprehensive income 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		338	-
Comprehensive income for the period		1,546,543	9,239,372
Basic/diluted earnings per share	7	0.0023	0.0137

These separate financial statements were approved for issue by the management as at November 12, 2020:

EUGEN SCHEUŞAN
Managing Director

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA SA
INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	Note	September 30, 2020	December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	8	272,926,894	277,545,153
Investment property		5,182,279	5,182,279
Intangible assets	8	336,353	466,487
Investments in related entities		3,967,606	3,967,606
Other long-term non-current assets	10	23,472,841	24,702,276
Assets related to the rights of use	9	2,328,031	1,480,078
Total non-current assets		308,214,003	313,343,879
Current assets			
Inventories	11	13,862,959	15,411,327
Trade receivables	12	48,635,790	55,114,158
Cash and cash equivalents	13	18,617,450	21,711,183
Other current assets		2,418,269	1,939,785
Current tax assets		380,427	760,012
Total current assets		83,914,895	94,936,464
Total assets		392,128,899	408,280,342
EQUITY AND LIABILITIES			
Equity			
Share capital		67,603,870	67,603,870
Reserves and other equity		176,732,120	176,697,881
Retained earnings		90,109,874	91,301,725
Total equity attributable to company's shareholders		334,445,864	335,603,476
Non-current liabilities			
Trade payables and other liabilities	14	1,531,899	1,265,003
Investment subsidies		4,311,789	4,410,306
Deferred tax liabilities		16,846,618	17,333,187
Leasing debts		1,441,114	728,164
Total non-current liabilities		24,131,419	23,736,660
Current liabilities			
Trade payables and other liabilities		30,127,770	46,268,240
Investment subsidies		163,219	163,219
Provisions		2,351,506	1,806,142
Current income tax liabilities		-	-
Leasing debts		909,120	702,605
Total current liabilities		33,551,616	48,940,206
Total liabilities		57,683,035	72,676,866
Total equity and liabilities		392,128,899	408,280,342

These separate financial statements were approved for issue by the management as at November 12, 2020:

EUGEN SCHEUŞAN
Managing Director

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA SA
INTERIM SEPARATE STATEMENT OF CASH FLOWS
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2020 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

<u>Nota</u>	<u>9-month period ended September 30, 2020</u>	<u>9-month period ended September 30, 2019</u>
Cash flows from operating activities		
Cash receipts from customers	206,812,567	181,691,580
Payments to suppliers	(165,371,089)	(129,830,227)
Payments to employees	(22,870,964)	(26,752,240)
Other operating activities	(17,898,497)	(17,419,344)
	672,016	7,689,769
Cash generated by/ (used in) operating activities		
Interest paid	(24,107)	(4,813)
Income tax paid	(649,137)	(1,791,881)
	(1,227)	5,893,075
Net cash used in operating activities		
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(775,063)	(637,655)
Proceeds from sale of non-current-assets	-	-
Interest received	226,034	386,611
Dividends received	637,245	658,487
	88,216	407,442
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from loans	34,061,314	6,656,673
Cash repayments of amounts borrowed	(34,061,314)	(6,656,673)
Paid leasing	(933,214)	(1,028,839)
Interest paid	(63,370)	-
Dividends paid	(2,184,137)	(2,411,422)
	(3,180,721)	(3,440,261)
Net cash used in financing activities		
Net decrease of cash and cash equivalents		
	(3,093,732)	2,860,256
Cash and cash equivalents at beginning of period		
13	21,711,183	29,162,314
Cash and cash equivalents at end of period		
13	18,617,450	32,022,570

These separate financial statements were approved for issue by the management as at November 12, 2020:

EUGEN SCHEUŞAN
Managing Director

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA S.A.
INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2020 (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>
Balance as at January 1, 2020	67,603,870	91,301,725	113,135,988	62,841,298	19,680,554	(18,959,960)	335,603,476
Comprehensive income for the period:							
Profit of the period	-	1,546,205	-	-	-	-	1,546,205
Other comprehensive income:							
Setup of legal reserve	-	(249,060)	-	144,625	104,435	-	-
Deferred tax recognized in equity	-	-	-	-	-	338	338
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	1,750,630	(1,750,630)	-	-	-	-
Transfer of the retained earnings to reserves	-	(1,535,471)	-	1,535,471	-	-	-
Total comprehensive income for the period	-	1,512,304	(1,750,630)	1,680,096	104,435	338	1,546,543
Transactions with shareholders, directly registered to equity							
Dividends distributed	-	(2,704,155)	-	-	-	-	(2,704,155)
Other items	-	-	-	-	-	-	-
Balance as at Septembrie 30, 2020	67,603,870	90,109,874	111,385,359	64,521,394	19,784,989	(18,959,622)	334,445,864

These separate financial statements were approved for issue by the management as at November 12, 2020:

EUGEN SCHEUȘAN
Managing Director

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA S.A.
INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2020 (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>
Balance as at January 1, 2019	67,603,870	88,933,828	115,838,396	60,971,315	19,431,494	(18,534,593)	334,244,312
Comprehensive income for the period:							
Setup of legal reserve	-	9,239,372	-	-	-	-	9,239,372
Deferred tax recognized in equity	-	-	-	(527,856)	527,856	-	-
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	2,042,859	(2,042,859)	-	-	-	-
Transfer of the retained earnings to reserves	-	(2,119,042)	-	2,119,042	-	-	-
Total comprehensive income for the period	-	(9,163,189)	(2,042,859)	1,591,186	527,856	945,338	9,239,372
Tranzacții cu acționarii, înregistrate direct în capitaluri proprii							
Dividends distributed	-	(2,704,155)	-	-	-	-	(2,704,155)
Other items	-	-	-	-	-	(317,504)	(317,504)
Balance as at September 30, 2019	67,603,870	95,392,862	113,795,536	62,562,501	19,959,350	(18,852,097)	340,462,024

These separate financial statements were approved for issue by the management as at November 12, 2020:

EUGEN SCHEUȘAN
Managing Director

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA SA
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2020
(all amounts are expressed in RON, unless otherwise specified)

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 (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 preliminary financial information for 30 September 2020 was neither audited, nor subject to review by an external auditor.

3. MAIN ACCOUNTING POLICY

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 2019, except for the adoption of the new standards in force as of 1 January 2020. 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 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors"** – Definition of material – adopted by the EU on 29 November 2019 (in force for annual periods starting on or after 1 January 2020),
- **Amendments to IFRS 9 "Financial instruments", IAS 39 „Financial instruments: recognition and measurement" and IFRS 7 „Financial instruments: disclosures" - Interest rate benchmark reform** - adopted by the EU on 15 January 2020 (in force for annual periods starting on or after 1 January 2020),
- **Amendments to references in the conceptual framework in IFRS Standards** adopted by the EU on 29 November 2019 (in force for annual periods starting on or after 1 January 2020).

The amendments do not affect the Company's financial statements.

ELECTROMAGNETICA SA
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2020
(all amounts are expressed in RON, unless otherwise specified)

4. REVENUE

	<u>Q1-Q3 2020</u>	<u>Q1-Q3 2019</u>
Revenue	212,853,679	171,085,315
- Revenue from sold production	51,867,993	59,768,394
- Rental income	12,886,942	11,966,734
- Revenue from sale of goods	148,098,744	99,350,187
Investment income	870,881	951,473
- Interest income	233,636	292,986
- Dividend income	637,245	658,487
Finished goods inventory variation and production in progress	6,371,090	15,363,442
Work performed and capitalized by the entity	1,390,653	478,906
Other revenues / (expenses)	2,363,453	4,971,496
- Green certificates revenues	2,999,162	4,281,836
- Revenues/costs related to provisions, net	303,638	835,288
- Net foreign exchange difference	25,167	192,819
- Other net revenues	(964,514)	(338,447)
Net revenue	223,849,756	192,850,632

The Company's turnover for the in the 9-month period ended at September 30, 2020 increased by 24% compared to the same period of the previous year, mainly due to the increase in the electricity supply activity.

5. EXPENSES

	<u>Q1-Q3 2020</u>	<u>Q1-Q3 2019</u>
Expenses related to materials	165,168,790	120,166,016
- Raw materials and consumables	32,317,659	38,090,860
- Goods purchased for resale	131,091,846	80,393,880
- Electricity, heating and water	1,759,285	1,681,276
Expenses related to employee	22,605,325	27,205,122
Other expenses	25,439,410	26,648,420
- Transport and travel expenses	719,954	851,149
- Subcontracted works expenses	4,909,260	5,639,320
- Other taxes and charges expenses	1,291,388	1,146,214
- Green certificates expenses	6,841,098	8,957,645
- Other operating expenses	11,677,710	10,054,092
Expenses related to depreciation and impairment	7,913,463	7,706,061
- Depreciation	6,898,559	7,706,061
- Impairment loss	1,014,904	-
Financial expenses	634,072	567,892
Total expenses	221.761.060	182.293.511

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6. INCOME TAX

	<u>Q1-Q3 2020</u>	<u>Q1-Q3 2019</u>
Current income tax		
Current income tax expense	1,028,722	2,080,510
Deferred income tax		
Revenue income tax expense	(486,231)	(762,762)
	<u>542,491</u>	<u>1,317,748</u>

7. EARNINGS PER SHARE

	<u>Q1-Q3 2020</u>	<u>Q1-Q3 2019</u>
Net profit / attributable to the shareholders of the Company	1,546,205	9,239,372
Average weighted number of ordinary shares	676,038,704	676,038,704
Earnings per share	0.0023	0.0137

The basic earning and the diluted earnings are identical, as the Company has no investments with dilution potential.

8. TANGIBLE AND INTANGIBLE ASSETS

At 30 September 2020, the tangible assets decreased by 1.7 % due to the amortisation related to the period. The decrease of the intangible assets by 28 % is also due to amortisation.

9. ASSETS RELATED TO THE RIGHTS OF USE

	<u>Balance at Jan.01, 2020</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Balance at Sep.30, 2020</u>
Right of use	2,148,907	1,507,683	(159,537)	3,497,053
Of which:				
Right of use of buildings	1,866,937	1,376,603	(159,537)	3,084,003
Right of use of vehicles	281,970	131,080	-	413,050
Leasing payables	1,430,769	1,777,333	(857,868)	2,350,234
Recognized depreciation	668,829	669,791	(169,597)	1,169,023
Interest expenses	86,330	-	-	63,214

10. OTHER LONG-TERM ASSETS

Other long-term fixed assets decreased by 5% due to the decrease in sales with a collection term exceeding one year.

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11. INVENTORIES

	30 September 2020	31 December 2019
	<u> </u>	<u> </u>
Raw materials	6,092,955	7,040,842
Consumables	2,133,203	1,768,142
Finished products	4,845,973	3,241,583
Pending production	1,533,557	3,170,253
Other stocks	1,011,533	1,897,656
Adjustments for stocks depreciation	<u>(1,754,262)</u>	<u>(1,707,149)</u>
Total	<u>13,862,959</u>	<u>15,411,327</u>

The Company no longer holds stock pledged against debt.

12. TRADE RECEIVABLES

Trade receivable decrease by 12% due to decrease energy trading in the third quarter.

13. CASH AND CASH EQUIVALENTS

	30 September 2020	31 December 2019
	<u> </u>	<u> </u>
Petty cash	12,332	18,851
Cash at bank	18,597,172	21,691,334
Cash equivalents	<u>7,946</u>	<u>11,081</u>
Total	<u>18,617,450</u>	<u>21,711,183</u>

The cash and cash equivalents decreased by 14%.

During the reporting period, credit lines were used, all withdrawals being reimbursed on September 30, 2020.

14. TRADE PAYABLES

The long-term payables did not register significant variations compared to the end of 2019, being under 2%.

The current liabilities decreased by 31%, in line with the decrease of receivables.

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
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15. TRANZACTIIONS WITH RELATIES PARTIES

	<u>Q1-Q3 2020</u>	<u>Q1-Q3 2019</u>
Sale of goods and services to subsidiaries		
Electromagnetica Goldstar	96,729	56,393
Electromagnetica Fire	21,850	16,682
Electromagnetica Prestserv	15,589	14,897
Procetel	85,947	26,906
Total	220,115	114,878
	<u>Q1-Q3 2020</u>	<u>Q1-Q3 2019</u>
Purchase of goods and services from subsidiaries		
Electromagnetica Goldstar	213,514	186,086
Electromagnetica Fire	1,062,735	903,513
Electromagnetica Prestserv	800,574	795,591
Procetel	1,050,036	860,518
Total	3,126,859	2,745,708
	<u>30 September 2020</u>	<u>31 December 2019</u>
Trade and other liabilities toward subsidiaries		
Electromagnetica Goldstar	-	-
Electromagnetica Fire	152,590	175,286
Electromagnetica Prestserv	107,268	108,909
Procetel	1,426	4,744
Total	261,284	288,939

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.

16. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

At 30 September 2020, the Company had the following commitments for bank loans and guarantee agreements/loan contracts concluded with the financing banks (BCR, BRD, Libra Internet Banking, OTP BANK):

- BCR revocable credit line amounting to 9 million lei (of which 4.5 million lei cash and 4.5 million lei non-cash) uncommitted on September 30, 2020.
- non-cash guarantee agreement with BCR amounting to 30 million lei, of which employee as of September 30, 2020 amounting to 14.2 million lei.
- credit line concluded with Libra Internet Bank in the amount of 9 million lei uncommitted on September 30, 2020.

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- agreement regarding the issuance of bank guarantee letters, concluded with Libra Internet Banking in the amount of 10 million lei, of which the amount of 5.5 million lei was committed on September 30, 2020.
- OTP BANK credit agreement amounting to 12 million lei, of which 10 million lei cash and 2 million lei non-cash uncommitted on September 30, 2020.

There are commitments received from customers and tenants in the form of letters of guarantee as of September 30, 2020.

Litigation

The disputes in which the Company is involved do not refer to such amounts that could affect its financial stability.

17. EVENTS AFTER THE REPORTING DATE

The General Meeting of Shareholders of 28 April 2020 approved the distribution of dividends from the net profit obtained in 2019 amounting to RON 2,704,155 RON, resulting a gross dividend to be paid amounting to RON 0.004 per share. Until September 30, 2020, RON 2,184,137 were paid (80%).

There are two ongoing investigations:

- ANRE having as object possible violations by the Company of the provisions of the EU regulation of the European Parliament and of the Council of 2011 regarding the integrity and transparency of the wholesale energy market (REMIT);
- ANAF having as object the verification of the legality and conformity of the fiscal declarations regarding the VAT and the profit tax.

ELECTROMAGNETICA SA
RATIOS IN ACCORDANCE WITH APPENDIX 13° FROM
REGULATION 5/2018 ISSUED BY FSA
FOR THE 9 MONTHS PERIOD ENDED AT SEPTEMBER 30, 2020

ECONOMIC AND FINANCIAL INDICATORS

Name of the indicator	Calculation formula	Q1-Q3 2020	Q1-Q3 2019
Current ratio	Current assets/Current liabilities	2.50	2.08
Level of indebtedness	Long-term borrowed capital/ Share capital x 100	0.43	0.79
	Long-term borrowed capital / Invested capital x 100	0.43	0.78
Days sales outstanding ratio	Average client balance / Turnover x 90	65.8	75.4
Fixed assets turnover	(Turnover x 360/ 90)/ Fixed assets	0.92	0.55

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.

Eugen Scheuşan
Managing Director

Cristina Florea
Economic Manager