



Quarterly Report on September 30, 2021



ELECTROMAGNETICA SA

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ELECTROMAGNETICA SA

**SEPARATED QUARTERLY REPORT
FOR THE THIRD QUARTER OF 2021**

**Separated financial results for the third quarter of 2021 (Q3 2021)
as compared to the third quarter of 2020 (Q3 2020)
(unaudited)**

Separated Quarterly Report for Q3 2021

Highlights of the three months ended on September 30, 2021 (Q3 2021)

- Turnover of RON 65,151 thousand during Q3 2021, by 37% higher than Q3 2020;
- 43% higher sales for electricity supply activity during the 3-month period of 2021 compared to the same period of 2020;
- Increase by 29% of the industrial production and of the space rental activity compared to the 3rd quarter of 2020. The sales for LED lighting systems, charging stations for electric cars and plastic injection products increased significantly.

Indicator	Q3 2021	Q3 2020	Q1 -Q3 2021	Q3 -Q3 2020
Revenues from unlicensed activities	26,965	20,859	75,993	63,393
Revenues from licensed activities	38,186	26,683	199,954	149,461
Turnover (thousand RON)	65,151	47,542	275,947	212,854
EBITDA* (thousand RON)	-415	2,241	-13,837	10,002
EBITDA margin (%)	-0.64%	4.71%	-5.01%	4.70%
Net Result (thousand RON)	-2,724	-95	-20,698	1,546
Net Result per share (RON)	-	-	-	0.0023

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

Compared to the same period last year, the following aspects had implications on the company's result:

- For the trading and energy supply activities, the third quarter meant the transition to the new conditions of market evolution characterized by the massive increase of the price for energy, gas and carbon certificates. The loss recorded in Q2 was stopped by renegotiating contracts and closing trading positions. The acquisition of DAM was reduced to a minimum.
- Decreased energy production at micro hydropower plants due to drought.
- Carrying out some expenses for arranging the building spaces from Calea Rahovei 266-268 in order to a better management;
- Continuation of research programs in the field of electric car charging equipment which started in the previous years.

Acquisition

For the industrial production activity, the supply of raw materials and materials was carried out continuously and constantly in optimal lots, we did not have interruptions on the supply chain that would affect the production plan.

Taking into account the periodic notifications and information received from the main suppliers regarding the evolution of prices and the modification of the delivery terms that have become longer and longer, we managed to keep the supply activity at the same optimal level as before the pandemic.

Against the background of the prolongation of the COVID-19 pandemic, the prices of materials increased one by one, registering increases compared to the second semester, varying between 5% and 15% for the materials destined for the LED luminaires segment (printed circuits, power supplies, galvanized sheet, aluminum sheet, conductors) and 12% to 22% for some types of plastic.

This price increase determined both by the evolution of raw material prices on the international market and by the significant increase of sea and air transport rates from China to Europe, was assimilated by customers and production was not affected, on the contrary increased the need for materials for the segment. of street lighting fixtures as well as plastic table intended for large customers Makita, ABB, customers who increased the order volumes and provided us with forecasts for the rest of 2021 including the beginning of 2022.

For the next period, under the impact of the fears created by the pandemic and the trends of the world economy (long delivery times communicated by producers, raw material crisis, price fluctuations), we intend to pay more attention to supply activity planning based on medium-term forecasts and long received from the sales and export departments, maintaining the close relationship with the suppliers so as to keep the costs under control and ensuring without interruption the supply of the production flow.

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);
- 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.

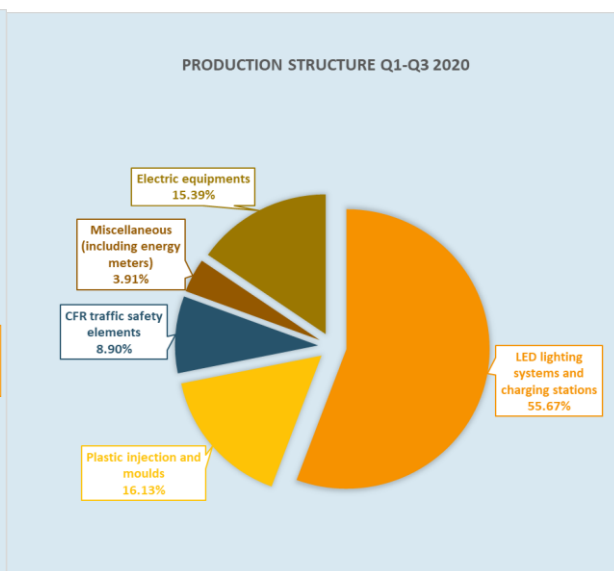
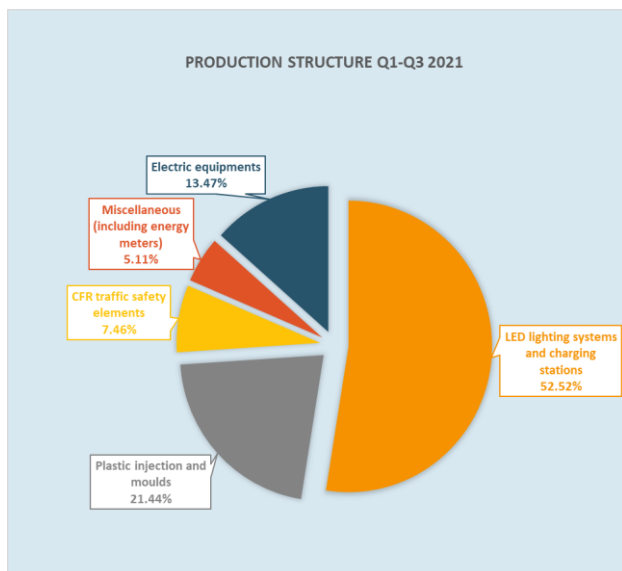
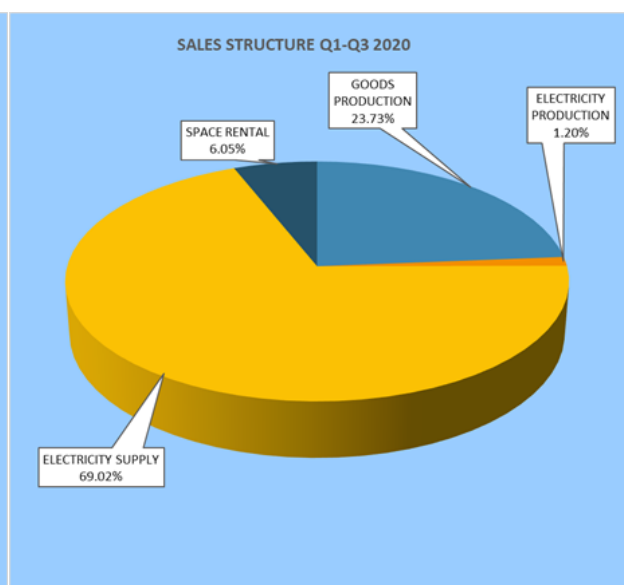
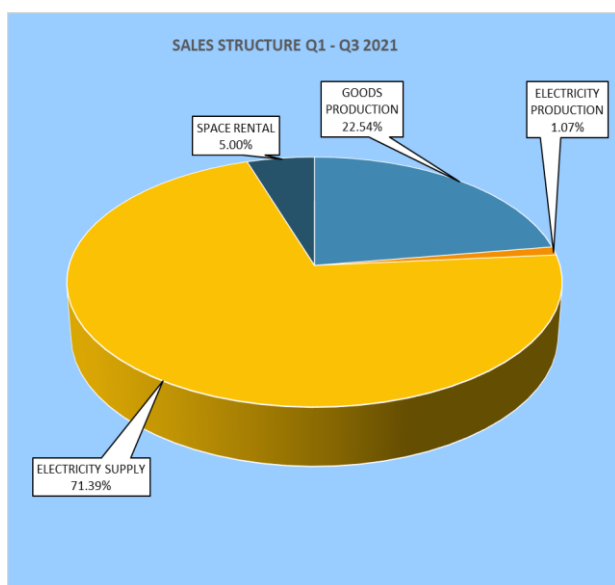
As aggregation criterion for reporting per business segments, the Company used the type of the regulatory environment and identified the following business segments for which it presents the information individually:

- 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.

Q1-Q3 2021	Unlicensed activity	% Total Company	Licensed activity	% Total Company	Total Company
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

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



Q3 2021	Q3 2020		Q1-Q3 2021	Q1-Q3 2020
65,151,099	47,542,441	Revenues	275,946,745	212,853,679
2,806	82,352	Investment income	334,558	870,881
-1,779,574	588,124	Other net income and expenses	600,050	2,363,453
2,609,333	1,664,932	Changes in inventories of finished goods and work in progress	5,243,814	6,371,090
283,519	569,025	Own work capitalized	1,543,978	1,390,653
-50,327,050	-32,578,839	Raw materials and consumables used	-248,442,477	-165,168,790
-8,260,144	-6,893,947	Employee-related expenses	-24,086,392	-22,605,325
-2,241,009	-2,279,568	Expenses related to depreciation and impairment	-6,771,539	-7,913,463
-7,903,250	-8,525,026	Other expenses	-24,402,130	-25,439,410
-328,430	-208,488	Financial expenses	-846,329	-634,072
-2,792,700	-38,995	Loss/Profit before tax	-20,879,722	2,088,696
68,978	-56,079	Income tax	181,826	-542,491
-2,723,722	-95,074	Loss/Profit of the period	-20,697,896	1,546,205

	September 30, 2021	December 31, 2020
ASSETS		
Non-current assets		
Property, plant and equipment	274,902,895	275,703,825
Investment property	11,179,966	11,114,654
Intangible assets	176,313	291,521
Investments in related entities	841,908	841,408
Other long-term non current assets	15,916,993	19,804,010
Assets related to the rights of use	1,680,093	2,085,114
Total non-current assets	304,698,168	309,840,532
Active circulante		
Inventories	17,689,774	13,402,675
Trade receivable	71,030,435	58,611,348
Cash and cash equivalents	4,046,759	20,108,460
Other current assets	1,779,008	1,882,350
Current tax assets	949,937	949,937
Total current assets	95,495,913	94,954,770
Total assets	400,194,081	404,795,302
EQUITY AND LIABILITIES		
Equity		
Share capital	67,603,870	67,603,870
Reserves and other equity	178,780,516	176,146,894
Retained earnings	68,143,078	91,473,196
Total equity attributable to company's shareholders	314,527,464	335,223,960
Non-current liabilities		
Trade payables and other liabilities	1,678,456	1,168,772
Investment subsidies	4,124,674	4,247,088
Deferred tax liabilities	16,552,118	16,735,345
Leasing debts	965,744	1,312,782
Total non-current liabilities	23,320,992	23,463,987
Current liabilities		
Trade payables and other liabilities	58,814,980	42,982,576
Investment subsidies	163,219	163,219
Provisions	2,607,225	2,156,891
Current income tax liabilities	-	-
Leasing debts	760,201	804,669
Total current liabilities	62,345,624	46,107,356
Total liabilities	85,666,616	69,571,343
Total equity and liabilities	400,194,081	404,795,302

Q3 2021	Q3 2020		Q1-Q3 2021	Q1-Q3 2020
		Cash flows from operating activities:		
72,928,009	53,695,160	Cash receipts from customers	239,058,396	206,812,567
-52,149,424	-37,741,380	Payments to suppliers	-230,245,966	-
-7,467,482	-6,514,032	Payments to employees	-23,286,673	165,371,089
-2,475,974	-5,907,285	Other operating activities	-13,243,766	-22,870,964
10,835,129	3,532,463	Cash generated by/ (used in) operating activities	-27,718,010	672,016
-137,940	-3,544	Interest paid	-227,573	-24,107
		Income tax paid	-	-649,137
10,697,189	3,528,918	Net cash used in operating activities	-27,945,583	-1,227
		Cash flows from investing activities:		
-60,961	-214,596	Acquisition of property, plant and equipment	-874,400	-775,063
25,000	-7,973	Proceeds from sale of non-current-assets	25,000	-
2,685	82,924	Interest received	43,785	226,034
-	-	Dividends received	291,009	637,245
-33,276	-139,645	Net cash used in investing activities	-514,607	88,216
		Cash flows from financing activities:		
13,238,403	493,043	Proceeds from loans	77,883,664	34,061,314
-21,360,446	-2,352,778	Cash repayments of amounts borrowed	-64,598,188	-34,061,314
-268,943	-300,676	Paid leasing	-811,114	-933,214
-17,056	-21,323	Interest paid	-58,171	-63,370
-3,576	-2,177,591	Dividends paid	-17,702	-2,184,137
-8,411,619	-4,359,326	Net cash used in financing activities	12,398,488	-3,180,721
2,252,295	-970,053	Net (decrease)/increase of cash and cash equivalents	-16,061,701	-3,093,732
1,794,464	19,587,503	Cash and cash equivalents at beginning of period	20,108,460	21,711,183
4,046,759	18,617,450	Cash and cash equivalents at end of period	4,046,759	18,617,450

	Share capital	Retained earnings	Tangible assets revaluation reserve	Other reserves	Legal reserve	Other equity items	Total equity
Balance as of January 1, 2021	67,603,870	90,473,196	110,800,133	64,516,529	19,789,854	-18,959,622	335,223,960
Comprehensive income for the period:							
Current result	-	-20,697,896	-	-	-	-	-20,697,896
Other comprehensive income:							
Setup of legal reserve	-	-109,300	-	109,300	-	-	-
Deferred tax recognized in equity	-	-	-	-	-	1,401	1,401
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	1,097,952	-1,097,952	-	-	-	-
Transfer deferred tax recognized in equity to retained earnings	-	-1,405,872	-	-	-	1,405,872	-
Transfer of the retained earnings to reserves	-	-2,215,001	-	2,215,001	-	-	-
Total comprehensive income for the period	-	-23,330,117	-1,097,952	2,324,301	-	1,407,273	-20,696,495
Transactions with shareholders, directly registered to equity:							
Other items	-	-	-	-	-	-	-
Balance as of September 30, 2021	67,603,870	68,143,078	109,702,181	66,840,830	19,789,854	-17,552,349	314,527,464

	Share capital	Retained earnings	Tangible assets revaluation reserve	Other reserves	Legal reserve	Other equity items	Total equity
Balance as of 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 of September 30, 2020	67,603,870	90,109,874	111,385,359	64,521,394	19,784,989	-18,959,622	334,445,864

ELECTROMAGNETICA SA

**INTERIM CONDENSED SEPARATED FINANCIAL STATEMENTS
FOR NINE MONTHS ENDED ON SEPTEMBER 30,2021
(UNAUDITED)**

ELECTROMAGNETICA SA
INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 9- MONTH PERIOD ENDED SEPTEMBER 30,2021 (UNAUDITED)
(all amounts are expressed in RON,unless otherwise specified)

	<u>Note</u>	<u>9-month period ended September 30,2021</u>	<u>9-month period ended September 30,2020</u>
Revenues	4	275,946,745	212,853,679
Investment income	4	334,558	870,881
Other net income and expenses	4	600,050	2,363,453
Changes in inventories of finished goods and wor in progress	4	5,243,814	6,371,090
Own work capitalized	4	1,543,978	1,390,653
Raw materials and consumables used	5	-248,442,477	-165,168,790
Employee-related expenses	5	-24,086,392	-22,605,325
Expenses related to depreciation and impairment	5	-6,771,539	-7,913,463
Other expenses	5	-24,402,130	-25,439,410
Financial expenses	5	-846,329	-634,072
Loss/Profit before tax		-20,879,722	2,088,696
Income tax	6	181,826	-542,491
Loss/Profit of the period		-20,697,896	1,546,205
Other comprehensive income:			
of which:			
Other comprehensive income thatcannot be reclassified to profit or loss, of which:			
-restatement of deferred tax for revaluation of assets written off		1,401	338
Comprehensive income for the period		-20,696,495	1,546,543
Basic/diluted earnings per share	7	-	0.0023

These separate financial statements were approved for issue by the management as at November 11, 2021:

EUGEN SCHEUŞAN
Managing Director

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA SA
INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

	<u>Note</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
ASSETS			
Non-current assets			
Property, plant and equipment	8	274,902,895	275,703,825
Investment property		11,179,966	11,114,654
Intangible assets	8	176,313	291,521
Investments in related entities		841,908	841,408
Other long-term non current assets	10	15,916,993	19,804,010
Assets related to the rights of use	9	1,680,093	2,085,114
Total non-current assets		<u>304,698,168</u>	<u>309,840,532</u>
Current assets			
Inventories	11	17,689,774	13,402,675
Trade receivable	12	71,030,435	58,611,348
Cash and cash equivalents	13	4,046,759	20,108,460
Other current assets		1,779,008	1,882,350
Current tax assets		949,937	949,937
Total current assets		<u>95,495,913</u>	<u>94,954,770</u>
Total assets		<u>400,194,081</u>	<u>404,795,302</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		67,603,870	67,603,870
Reserves and other equity		178,780,516	176,146,894
Retained earnings		68,143,078	91,473,196
Total equity attributable to company's shareholders		<u>314,527,464</u>	<u>335,223,960</u>
Non-current liabilities			
Trade payables and other liabilities	14	1,678,456	1,168,772
Investment subsidies		4,124,674	4,247,088
Deferred tax liabilities		16,552,118	16,735,345
Leasing debts		965,744	1,312,782
Total non-current liabilities		<u>23,320,992</u>	<u>23,463,987</u>
Current liabilities			
Trade payables and other liabilities		58,814,980	42,982,576
Investment subsidies		163,219	163,219
Provisions		2,607,225	2,156,891
Current income tax liabilities		-	-
Leasing debts		760,201	804,669
Total current liabilities		<u>62,345,624</u>	<u>46,107,356</u>
Total liabilities		<u>85,666,616</u>	<u>69,571,343</u>
Total equity and liabilities		<u>400,194,081</u>	<u>404,795,302</u>

These separate financial statements were approved for issue by the management as at November 11, 2021:

EUGEN SCHEUŞAN
Managing Director

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA SA
INTERIM SEPARATE STATEMENT OF CASH FLOWS
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30,2021 (UNAUDITED)
(all amounts are expressed in RON,unless otherwise specified)

<u>Note</u>	<u>9-month period ended September 30,2021</u>	<u>9-month period ended September 30,2020</u>
Cash flows from operating activities:		
	239,058,396	206,812,567
	-230,245,966	-165,371,089
	-23,286,673	-22,870,964
	-13,243,766	-17,898,497
	-27,718,010	672,016
Cash generated by/ (used in) operating activities		
	-227,573	-24,107
	-	-649,137
	-27,945,583	-1,227
Net cash used in operating activities		
Cash flows from investing activities:		
	-874,400	-775,063
	25,000	-
	43,785	226,034
	291,009	637,245
	-514,607	88,216
Net cash used in investing activities		
Cash flows from financing activities:		
	77,883,664	34,061,314
	-64,598,188	-34,061,314
	-811,114	-933,214
	-17,702	-63,370
	-58,171	-2,184,137
	12,398,488	-3,180,721
Numerar net utilizat în activități de finanțare		
	-16,061,701	-3,093,732
Net decrease of cash and cash equivalents		
	20,108,460	21,711,183
Cash and cash equivalents at beginning of period	13	
Cash and cash equivalents at end of period	13	
	4,046,759	18,617,450

These separate financial statements were approved for issue by the management as at November 11, 2021:

EUGEN SCHEUȘAN
Managing Director

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA SA
INTERIM SEPARATE STATEMENT O CHANGES IN EQUITY
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2021(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 of January 1, 2021	67,603,870	90,473,196	110,800,133	64,516,529	19,789,854	18,959,622	335,223,960
Comprehensive income for the period:							
Current result	-	-20,697,896	-	-	-	-	-20,697,896
Other comprehensive income:							
Setup of legal reserve	-	-109,300	-	109,300	-	-	-
Deferred tax recognized in equity	-	-	-	-	-	1,401	1,401
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	1,097,952	-1,097,952	-	-	-	-
Transfer deferred tax recognized in equity to retained earnings	-	-1,405,872	-	-	-	1,405,872	-
Transfer of the retained earnings to reserves	-	-2,215,001	-	2,215,001	-	-	-
Total comprehensive income for the period	-	-23,330,117	-1,097,952	2,324,301	-	1,407,273	-20,696,495
Transactions with shareholders, directly registered to equity:							
Other items	-	-	-	-	-	-	-
Balance as of September 30, 2021	67,603,870	68,143,078	109,702,181	66,840,830	19,789,854	17,552,349	314,527,464

These separate financial statements were approved for issue by the management as at November 11, 2021:

EUGEN SCHEUŞAN
Managing Director

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA SA
INTERIM SEPARATE STATEMENT O CHANGES IN EQUITY
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30, 2021(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 of 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 of September 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 11, 2021:

EUGEN SCHEUŞAN
Director General

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA SA
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30,2021
(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 LED lighting fittings, systems and solutions of LED lighting)
- ✓ 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 PREPATION

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, with all modifications, including Order 1239 / 04.10.2021.The functional and presentational currency is the Romanian Leu (RON).

The financial information for 30 September 2021 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 2020, except for the adoption of the new standards in force as of 1 January 2021.The Company has not adopted any other standard, interpretation or amendment that was issued but not yet effective.

Standards and amendments adopted by the Company:

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases"** - Interest Rate Benchmark Reform — Phase 2 adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 16 "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021** adopted by the EU on 30 August 2021 (effective from 1 April 2021 for financial years starting, at the latest, on or after 1 January 2021),

The adoption of amendments to the existing standards has not led to any material changes in the Company financial statements.

ELECTROMAGNETICA SA
NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
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4. INCOME

	<u>Q1-Q3 2021</u>	<u>Q1-Q3 2020</u>
Income	275,946,745	212,853,679
- Income from sold production	63,491,281	51,867,993
- Rental income	13,795,479	12,886,942
- Income from sale of goods	198,659,985	148,098,744
Investment income	334,558	870,881
- Interest income	43,549	233,636
- Income from dividends	291,009	637,245
Variation in inventories of finished goods and work in progress	5,243,814	6,371,090
Own work capitalized	1,543,978	1,390,653
Other income / expenses	600,050	2,363,453
- Income from subsidies	2,075,850	2,999,162
- Net provisions	112,476	303,638
- Net foreign exchange difference	1,014	25,167
- Other income	-1,589,290	-964,514
Net income	283,669,145	223,849,756

The Company's turnover in the 9-month period ended September 30, 2021 increased by 30% compared to the same period last year, primarily due to the increase of electricity supply activity.

5. EXPENSES

	<u>Q1-Q3 2021</u>	<u>Q1-Q3 2020</u>
Expenses related to materials	248,442,477	165,168,790
- Raw materials and consumables	32,795,423	32,317,659
- Goods purchased for resale	213,005,531	131,091,846
- Electricity, heating and water	2,641,523	1,759,285
Employee-related expenses	24,086,392	22,605,325
Other expenses	24,402,130	25,439,410
- Transport and travel	718,351	719,954
- Subcontracted work	4,304,408	4,909,260
- Other taxes	1,346,846	1,291,388
- Cost of green certificates	5,003,541	6,841,098
- Other operating expenses	13,028,984	11,677,710
Expenses related to depreciation and impairment	6,771,539	7,913,463
- Depreciation	6,771,539	6,898,559
- Net impairment	-	1,014,904
Financial expenses	846,329	634,072
Total expenses	304,548,867	221,761,060

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6. INCOME TAX

	<u>Q1-Q3 2021</u>	<u>Q1-Q3 2020</u>
Current income tax		
Current income tax expense	-	1,028,722
Deferred income tax		
Deferred income tax income/expense	181,826	-486,231
	<u>181,826</u>	<u>542,491</u>

7. EARNINGS PER SHARE

	<u>Q1-Q3 2021</u>	<u>Q1-Q3 2020</u>
Net profit attributable to the shareholders	-	1,546,205
Average weighted number of ordinary shares	676,038,704	676,038,704
Earnings per share	-	0.0023

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

8. TANGIBLE AND INTANGIBLE ASSETS

On September 30, property, plant and equipment decreased less than 1% due to the depreciation for the period. Also due to depreciation is explained the decrease by 40% of intangible assets.

9. ASSETS RELATING TO THE RIGHTS OF USE

	<u>Balance as at January 1, 2021</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Balance as at September 30, 2021</u>
Right of use of which:	2,749,317	275,604	-125,841	2,899,081
Right of use of buildings	2,336,267	275,604	-125,841	2,486,031
Right of use of vehicles	413,050	-	-	413,050
Debt from Leasing, of which:	2,117,451	419,608	-811,114	1,725,945
Recognized depreciation	664,203	680,625	-125,840	1,218,987
Interest expense		58,935	-	58,935

10. OTHER LONG-TERM NON CURRENT ASSETS

Other long-term non current assets decreased by 20% due to the reduction of sales with collection period more than one year.

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11. INVENTORIES

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Raw materials	8,892,196	6,889,170
Consumables	2,111,724	1,915,843
Finished products	3,741,146	3,621,418
Pending production	2,912,934	1,699,973
Other stocks	2,072,694	1,094,643
Adjustments for stocks depreciation	<u>-2,040,920</u>	<u>-1,818,372</u>
Total	<u>17,689,774</u>	<u>13,402,675</u>

The company does not pledge inventories to secure its liabilities.

12. TRADE RECEIVABLES

Trade receivables increased by 21% due to the reduction of sales with the supplier credit clause (with collection in periods longer than one year) for the production activity but also due to the increase of energy sales.

13. CASH AND CASH EQUIVALENTS

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Petty cash	12,075	6,456
Cash at bank	4,031,245	20,101,494
Cash equivalents	<u>3,439</u>	<u>510</u>
Total	<u>4,046,759</u>	<u>20,108,460</u>

Cash and cash equivalents decreased by 80% compared to the beginning of the year.

During the reporting period, credit lines were used, the balance of the withdrawals will be reimbursed in the next period.

14. TRADE PAYABLES

The non-current liabilities did not register significant variations compared to the end of 2020, being under 1%.

Current liabilities increased by 35%, the main cause being the temporary withdrawals from credit lines.

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15. TRANSACTIONS WITH RELATED PARTIES

	<u>Q1-Q3 2021</u>	<u>Q1-Q3 2020</u>
Sale of goods and services to subsidiaries		
Electromagnetica Goldstar	-	96,729
Electromagnetica Fire	16,525	21,850
Electromagnetica Prestserv	15,769	15,589
Procetel	192,781	85,947
Total	225,075	220,115
	<u>Q1-Q3 2021</u>	<u>Q1-Q3 2020</u>
Purchase of goods and services from subsidiaries		
Electromagnetica Goldstar	-	213,514
Electromagnetica Fire	1,058,033	1,062,735
Electromagnetica Prestserv	837,434	800,574
Procetel	1,041,440	1,050,036
Total	2,936,907	3,126,859
	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Trade and other liabilities toward subsidiaries		
Electromagnetica Goldstar	-	-
Electromagnetica Fire	171,051	148,186
Electromagnetica Prestserv	123,092	107,281
Procetel	290,710	7,373
Total	584,853	262,840
	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Trade receivables		
Electromagnetica Goldstar	-	-
Electromagnetica Fire	52	-
Electromagnetica Prestserv	-	-
Procetel	197,497	304,516
Total	197,549	304,516

The affiliated company Electromagnetica Goldstar was liquidated at the end of 2020, the sole shareholder, Electromagnetica S.A. taking over all its assets and liabilities presented in the financial statements at the date of liquidation.

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.

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16. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

As of September 30, 2021 the Company had the following commitments granted by three financing banks:

- For bank credits as working capital the amount of RON 44,000,000;
- Non-cash guarantee agreements in amount of RON 34,000,000.

On September 30, 2021, the Company had at its disposal the amount of RON 30,725,038 not withdrawn from the loan facilities contracted with the banks.

Also on September 30, 2021, the Company had at its disposal the amount of RON 5,960,081, as being 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 September 30, 2021, the Company complied with all financial indicators imposed in the financing contracts.

During this period, the need for cash is increasing due to the increase in energy prices. We will continue to look for other financing solutions.

The commitments received from customers and tenants in the form of letters of guarantee are worth RON 178,645 according to the contractual clauses.

Litigation

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

17. SUBSEQUENT EVENTS

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

ELECTROMAGNETICA SA
RATIOS IN ACCORDANCE WITH APPENDIX 13° FROM
REGULATION 5/2018 ISSUED BY FSA
FOR THE 9-MONTH PERIOD ENDED SEPTEMBER 30,2021

ECONOMIC-FINANCIAL INDICATORS

Name of the indicatori	Calculation formula	Q1-Q3 2021	Q1-Q3 2020
Current ratio	Currents assets/Current liabilities	1.53	2.50
Level of indebtedness	Long term borrowed capital/ Share capital x 100	0.31	0.43
	Long term borrowed capital/ Invested capital x 100	0.31	0.43
Days sales outstanding ratio	Average client balance/ Turnover x 270	63.4	65.8
Fixed assets turnover	(Turnover x 360/ 270)/ Non-current assets	1.21	0.92

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