

**ELECTROMAGNETICA SA**

**Quarterly Report on March 31,2021**

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**ELECTROMAGNETICA SA**

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

**Separated financial results for the first quarter of 2021 (Q1 2021)  
as compared to the first quarter of 2020 (Q1 2020)  
(unaudited)**

## Separated Quarterly Report for Q1 2021

### Highlights of the three months ended on March 31, 2021 (Q1 2021)

- Turnover of RON 92,793 thousand during Q1 2021, by 13% higher than Q1 2020;
- Higher sales for both licensed and unlicensed activities during the 3-month period of 2021 compared to the same period of 2020;
- Due to the improvement of the economic conditions, which were affected by the COVID-19 pandemic at the beginning of 2021, the industrial production returned to normal parameters;
- The first quarter of 2021 was characterized by low hydraulicity and frost, renewable hydro production being reduced. Very low temperatures in March, similar to the winter months, led to an increase in energy consumption and thus an increase in energy prices.

<b>Indicator</b>	<b>Q1 2021</b>	<b>Q1 2020</b>
Revenues from unlicensed activities	24,131	23,820
Revenues from licensed activities	68,662	58,039
<b>Turnover (thousand RON)</b>	<b>92,793</b>	<b>81,859</b>
<b>EBITDA* (thousand RON)</b>	<b>4,130</b>	<b>4,812</b>
<b>EBITDA margin (%)</b>	<b>4.5%</b>	<b>5.9%</b>
<b>Net Result (thousand RON)</b>	<b>1,472</b>	<b>1,019</b>
<b>Net Result per share (RON)</b>	<b>0.0022</b>	<b>0.0015</b>

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

The following aspects finalized the obtaining of the results in the first quarter of the year:

- Due to the relaxation of social conditions in the pandemic context, production activity took place under normal conditions, without restrictions and commercial contracts took place without delay.
- Climate change has had a negative impact on licensed activities, by increasing the price of purchased electricity, reducing profitability. The prolongation of the winter until April led to a decrease in river flows and a reduced energy production, which also affected the Company's profitability;
- Activities for arranging and improving the buildings from Calea Rahovei 266-268 were carried out in order to better manage and maintain competitiveness on the rental space market;
- Continuation of the development programs for the charging equipment for electric cars which started in the previous years.

## 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.

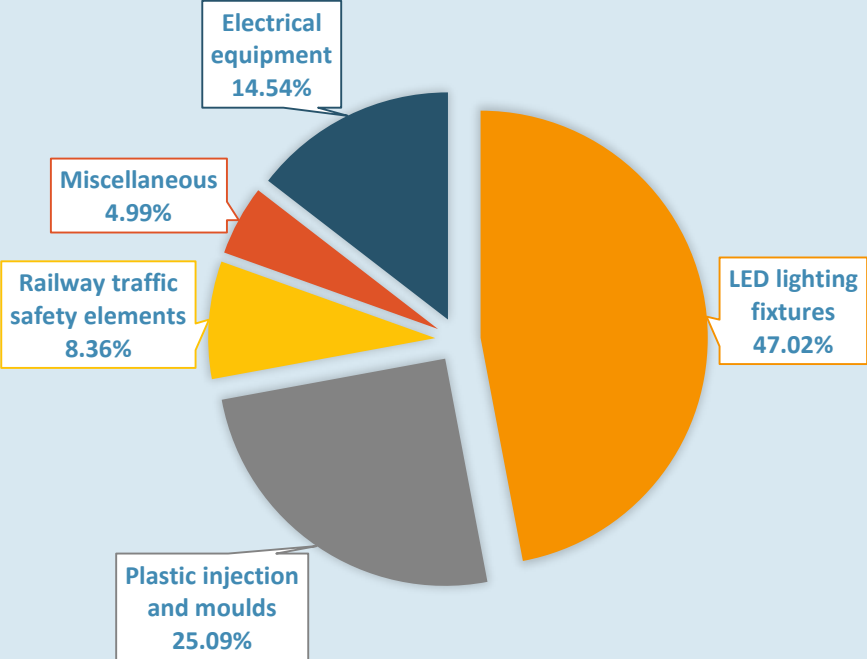
As aggregation criterion for reporting per business segments, the Company used the type of the regulatory environment and identified the following business segments for which it presents the information individually:

- Licensed activity - electricity supply and production
- Unlicensed activity - industrial production and space rental.

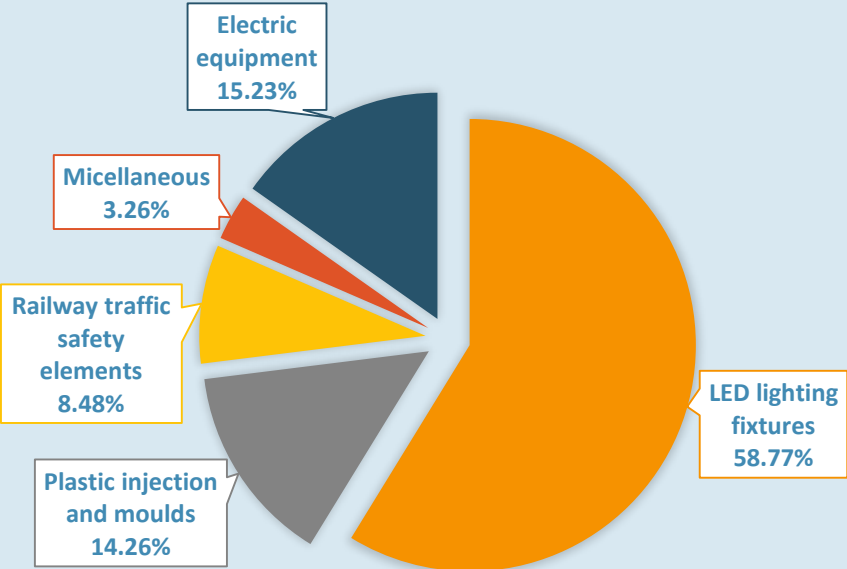
The aggregation criterion is based on the necessary license for carrying out certain activities, as well as its requirements, including the submission of individual financial statements. The activities of production and supply of electricity have been aggregated, taking into consideration the fact that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

<b>Q1 2021</b>	<b>Unlicensed activity</b>	<b>% Total Company</b>	<b>Licensed activity</b>	<b>% Total Company</b>	<b>Total Company</b>
Net profit	1,438,286	98.00	33,491	2.00	1,471,777
Total assets	309,478,943	75.00	104,505,301	25.00	413,984,244
Total liabilities	32,995,961	43.00	44,291,614	57.00	77,287,175
Customer revenue	24,131,072	26.00	68,661,443	74.00	92,792,515
Interest income	27,201	100.0	-	-	27,201
Impairment and depreciation	1,830,618	80.00	463,005	20.00	2,266,624
<b>Q1 2020</b>	<b>Unlicensed activity</b>	<b>% Total Company</b>	<b>Licensed activity</b>	<b>% Total Company</b>	<b>Total Company</b>
Net profit	(723,440)	n/a	1,743,344	n/a	1,019,904
Total assets	301,008,099	72.71	112,968,926	27.29	413,977,025
Total liabilities	40,514,821	52.38	36,838,485	47.62	77,353,306
Customer revenue	23,820,314	29.10	58,039,237	70.90	81,859,551
Interest income	68,568	100.0	-	-	68,568
Impairment and depreciation	1,830,799	54.78	1,511,049	45.22	3,341,848

**PRODUCTION STRUCTURE IN Q1 2021**



**PRODUCTION STRUCTURE IN Q1 2020**



**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE 3- MONTH PERIOD ENDED MARCH 31,2021 (UNAUDITED)**  
**(all amounts are expressed in RON,unless otherwise specified)**

	<u>Note</u>	<u>3-month period ended March 31,2021</u>	<u>3-month period ended March 31,2020</u>
<b>Revenues</b>	<b>4</b>	<b>92,792,515</b>	<b>81,859,551</b>
Investment income	4	26,634	68,090
Other net income and expenses	4	434,937	(110,607)
Changes in inventories of finished goods and wor in progress	4	1,795,011	2,258,634
Own work capitalized	4	1,478,752	574,866
Raw materials and consumables used	5	(76,650,902)	(62,458,293)
Employee-related expenses	5	(7,742,737)	(7,995,666)
Expenses related to depreciation and impairment	5	(2,266,624)	(3,341,848)
Other expenses	5	(7,817,062)	(9,180,341)
Financial expenses	5	(193,460)	(210,297)
<b>Profit before tax</b>		<b>1,857,065</b>	<b>1,464,089</b>
Income tax	6	(385,287)	(444,185)
<b>Profit of the period</b>		<b>1,471,777</b>	<b>1,019,904</b>
<b>Other comprehensive income:</b>			
of which:			
Other comprehensive income thatcannot be reclassified to profit or loss, of which:			
-restatement of deferred tax for revaluation of assets written off		1,333	338
<b>Comprehensive income for the period</b>		<b>1,473,110</b>	<b>1,020,242</b>
<b>Basic/diluted earnings per share</b>	<b>7</b>	<b>0.0022</b>	<b>0.0015</b>

These separate financial statements were approved for issue by the management as at May 13,2021:

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

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

The accompanying notes form an integral part of these financial statements.

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2021 (UNAUDITED)**  
(all amounts are expressed in RON, unless otherwise specified)

	Note	March 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	275,877,996	275,703,825
Investment property		11,179,966	11,114,654
Intangible assets		267,414	291,521
Investments in related entities		841,408	841,408
Other long-term non current assets		20,345,182	19,804,010
Assets related to the rights of use	9	2,261,353	2,085,114
<b>Total non-current assets</b>		<b>310,773,319</b>	<b>309,840,532</b>
<b>Current assets</b>			
Inventories	10	13,702,808	13,402,675
Trade receivable	11	77,659,996	58,611,348
Cash and cash equivalents	12	8,422,956	20,108,460
Other current assets		2,971,001	1,882,350
Current tax assets		454,165	949,937
<b>Total current assets</b>		<b>103,210,926</b>	<b>94,954,770</b>
<b>Total assets</b>		<b>413,984,244</b>	<b>404,795,302</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Share capital		67,603,870	67,603,870
Reserves and other equity		175,677,645	176,146,894
Retained earnings		93,415,555	91,473,196
<b>Total equity attributable to company's shareholders</b>		<b>336,697,070</b>	<b>335,223,960</b>
<b>Non-current liabilities</b>			
Trade payables and other liabilities	13	1,251,669	1,168,772
Investment subsidies		4,233,486	4,247,088
Deferred tax liabilities		16,623,528	16,735,345
Leasing debts		1,277,833	1,312,782
<b>Total non-current liabilities</b>		<b>23,386,516</b>	<b>23,463,987</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	13	50,552,758	42,982,576
Investment subsidies		163,219	163,219
Provisions		2,156,891	2,156,891
Current income tax liabilities		0	0
Leasing debts	9	1,027,791	804,669
<b>Total current liabilities</b>		<b>53,900,659</b>	<b>46,107,356</b>
<b>Total liabilities</b>		<b>77,287,175</b>	<b>69,571,343</b>
<b>Total equity and liabilities</b>		<b>413,984,244</b>	<b>404,795,302</b>

These separate financial statements were approved for issue by the management as at May 13, 2021:

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

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



**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT OF CASH FLOWS**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31,2021 (UNAUDITED)**  
**(all amounts are expressed in RON,unless otherwise specified)**

<u>Nota</u>	<u>3-month period ended March 31,2021</u>	<u>3-month period ended March 31,2020</u>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	59,785,941	80,865,612
Payments to suppliers	(60,282,278)	(69,951,430)
Payments to employees	(7,895,787)	(8,588,399)
Other operating activities	(4,847,836)	(6,310,246)
	<b>(13,239,959)</b>	<b>(3,984,463)</b>
<b>Cash generated by/ (used in) operating activitie</b>		
Interest paid	(3,820)	(3,292)
Income tax paid	-	-
	<b>(13,243,780)</b>	<b>(3,987,756)</b>
<b>Net cash used in operating activities</b>		
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(233,552)	(109,394)
Proceeds from sale of non-current-assets	-	(2,261)
Interest received	26,929	57,932
Dividends received	-	-
	<b>(206,623)</b>	<b>(53,723)</b>
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities:</b>		
Proceeds from loans	17,102,271	8,119,605
Cash repayments of amounts borrowed	(15,038,515)	(5,948,507)
Paid leasing	(269,883)	(306,368)
Interest paid	(21,690)	(22,279)
Dividends paid	(7,284)	(6,546)
	<b>1,764,898</b>	<b>1,835,906</b>
<b>Net cash used in financing activities</b>		
<b>Net (decrease)/increase of cash and cash equivalents</b>	<b>(11,685,504)</b>	<b>(2,205,573)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>20,108,460</b>	<b>21,711,183</b>
<b>Cash and cash equivalents at end of period</b>	<b>12</b> <b>8,422,956</b>	<b>19,505,610</b>

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

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

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT O CHANGES IN EQUITY**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 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>
<b>Balance as of January 1, 2021</b>	<b><u>67,603,870</u></b>	<b><u>91,473,196</u></b>	<b><u>110,800,133</u></b>	<b><u>64,516,529</u></b>	<b><u>19,789,854</u></b>	<b><u>(18,959,622)</u></b>	<b><u>335,223,960</u></b>
<b>Comprehensive income for the period:</b>							
Profit of the period	-	1,471,777	-	-	-	-	1,471,777
<b>Other comprehensive income:</b>							
Setup of legal reserve	-	-	-	-	-	-	-
Deferred tax recognized in equity	-	-	-	-	-	1,333	1,333
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	558,127	(558,127)	-	-	-	-
Transfer deferred tax recognized in equity to retained earnings	-	(87,545)	-	-	-	87,545	-
Transfer of the retained earnings to reserves	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>-</u></b>	<b><u>1,942,359</u></b>	<b><u>(558,127)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>88,878</u></b>	<b><u>1,473,110</u></b>
<b>Transactions with shareholders, directly registered to equity</b>							
Dividends distributed	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
<b>Balance as of March 31, 2021</b>	<b><u>67,603,870</u></b>	<b><u>93,415,555</u></b>	<b><u>110,242,006</u></b>	<b><u>64,516,529</u></b>	<b><u>19,789,854</u></b>	<b><u>(18,870,744)</u></b>	<b><u>336,697,070</u></b>

These separate financial statements were approved for issue by the management as at May 13,2021:

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

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

The accompanying notes form an integral part of these financial statements.

**ELECTROMAGNETICA SA**  
**INTERIM SEPARATE STATEMENT O CHANGES IN EQUITY**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 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>
<b>Balance as of January 1, 2020</b>	<b>67,603,870</b>	<b>91,301,725</b>	<b>113,135,988</b>	<b>62,841,298</b>	<b>19,680,554</b>	<b>(18,959,960)</b>	<b>335,603,476</b>
<b>Comprehensive income for the period:</b>							
Profit of the period	-	1,019,904	-	-	-	-	1,019,904
<b>Other comprehensive income:</b>							
Setup of legal reserve	-	-	-	(73,204)	73,204	-	-
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	-	583,454	(583,454)	-	-	-	-
Transfer of the retained earnings to reserves	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,603,359</b>	<b>(583,454)</b>	<b>(73,204)</b>	<b>73,204</b>	<b>338</b>	<b>1,020,242</b>
<b>Transactions with shareholders, directly registered to equity</b>							
Dividends distributed	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
<b>Balance as of March 31, 2020</b>	<b>67,603,870</b>	<b>92,905,083</b>	<b>112,552,534</b>	<b>62,768,094</b>	<b>19,753,758</b>	<b>(18,959,622)</b>	<b>336,623,719</b>

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

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

The accompanying notes form an integral part of these financial statements.

**ELECTROMAGNETICA SA**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31,2021**  
**(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)
- ✓ 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 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 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.

### **Initial application of new amendments to the existing standards effective for the current reporting period:**

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

- **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 (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IFRS 3 "Business Combinations"** - Definition of a Business - adopted by the EU on 21 April 2020 (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period),
- **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 (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IFRS 16 "Leases"** - Covid-19-Related Rent Concessions (adopted by the EU on 9 October 2020 and effective at the latest, as from 1 June 2020 for financial years starting on or after 1 January 2020),\*
- **Amendments to References to the Conceptual Framework in IFRS Standards** adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020).

The accompanying notes form an integral part of these financial statements.

**ELECTROMAGNETICA SA**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31,2021**  
**(all amounts are expressed in RON,unless otherwise specified)**

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

**Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective**

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IFRS 4 Insurance Contracts “Extension of the Temporary Exemption from Applying IFRS 9”** adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023),
- **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).

**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

- **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 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”** - Disclosure of Accounting Policies (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 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 16 “Property, Plant and Equipment”** - Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”** - Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022);
- **Amendments to IFRS 3 “Business Combinations”** - Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022),
- **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),
- **Amendments to IFRS 16 “Leases”** - Covid-19-Related Rent Concessions beyond 30 June 2021 (effective for annual reporting periods beginning on or after 1 April 2021. Earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued.)

The accompanying notes form an integral part of these financial statements.

**ELECTROMAGNETICA SA**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2021**  
**(all amounts are expressed in RON, unless otherwise specified)**

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- **Amendments to various standards due to “Improvements to IFRSs (cycle 2018 -2020)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

**4. REVENUE**

	<u>Q1 2021</u>	<u>Q1 2020</u>
<b>Revenue</b>	<b>92,792,515</b>	<b>81,859,551</b>
- Revenue from sold production	19,606,391	19,129,804
- Rental income	5,043,944	4,648,220
- Revenue from sole of goods	68,142,180	58,081,527
<b>Investment income</b>	<b>26,634</b>	<b>68,090</b>
- Interest income	26,634	68,090
<b>Finished goods inventory variation and production in progress</b>	<b>1,795,011</b>	<b>2,258,634</b>
<b>Work performed and capitalized by the entity</b>	<b>1,478,752</b>	<b>574,866</b>
<b>Other revenues/(expenses)</b>	<b>434,937</b>	<b>(110,607)</b>
- Green certificates revenues	493,756	641,462
- Revenue/costs related to provisions, net	(226,066)	(873,950)
- Net foreign exchange difference	33,246	(21,959)
- Other net revenues	134,001	143,840
<b>Net revenue</b>	<b>96,527,849</b>	<b>84,650,534</b>

The accompanying notes form an integral part of these financial statements.

**ELECTROMAGNETICA SA**  
**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2021**  
(all amounts are expressed in RON, unless otherwise specified)

**5. EXPENSES**

	<u>Q1 2021</u>	<u>Q1 2020</u>
<b>Expenses related to materials</b>	<b>76,650,902</b>	<b>62,458,293</b>
- Raw materials and consumables	10,460,826	12,128,764
- Goods purchased for resale	65,430,746	49,781,730
- Electricity, heating and water	759,330	547,799
<b>Employee-related expenses</b>	<b>7,742,737</b>	<b>7,995,666</b>
<b>Other expenses</b>	<b>7,817,062</b>	<b>9,180,341</b>
- Transport and travel	214,465	253,629
- Subcontracted work	785,747	1,744,873
- Other taxes	442,604	297,748
- Cost of green certificates	1,958,099	2,497,628
- Other operating expenses	4,416,147	4,386,463
<b>Expenses related to depreciation and impairment</b>	<b>2,266,624</b>	<b>3,341,848</b>
- Depreciation	2,266,624	2,326,944
- Net impairment	-	1,014,904
<b>Financial expenses</b>	<b>193,460</b>	<b>210,297</b>
<b>Total expenses</b>	<b>94,670,785</b>	<b>83,186,445</b>

**6. INCOME TAX**

	<u>Q1 2021</u>	<u>Q1 2020</u>
<b>Current income tax</b>		
Current income tax expenses	495,772	691,421
<b>Deferred income tax</b>		
Deferred income tax income	(110,485)	(247,236)
	<b>385,287</b>	<b>444,185</b>

**7. EARNINGS PER SHARE**

	<u>Q1 2021</u>	<u>Q1 2020</u>
Net profit attributable to the shareholders	1,471,777	1,019,904
Average weighted number of ordinary shares	676,038,704	676,038,704
Earnings per share	0.0022	0.0015

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

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**8. NON-CURRENT ASSETS**

On March 31, 2021, non-current assets had a slight increase compared to the previous period, mainly due to sales with a collection term exceeding one year and due to the increase in assets with rights of use (note 9).

**9. ASSETS RELATING TO THE RIGHTS OF USE**

	<b>Balance as at January 1, 2021</b>	<b>Inflows</b>	<b>Outflows</b>	<b>Balance as at March 31, 2021</b>
<b>Right of use of which:</b>	<b>2,749,317</b>	<b>488,571</b>	<b>113,482</b>	<b>3,124,406</b>
Right of use of buildings	2,336,267	488,571	113,482	2,711,356
Right of use of vehicles	413,050			413,050
<b>Debt from Leasing, of which:</b>	<b>2,117,451</b>	<b>458,058</b>	<b>269,883</b>	<b>2,305,626</b>
Recognized depreciation	664,203	281,820	94,755	851,268
Interest expense		22,094		

**10. INVENTORIES**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Raw materials	6,654,223	6,859,603
Consumables	2,211,010	2,103,961
Finished products	3,473,719	4,690,527
Pending production	2,338,620	1,914,006
Other stocks	982,817	2,196,278
Adjustments for stocks depreciation	(1,957,581)	(1,972,220)
<b>Total</b>	<b>13,702,808</b>	<b>15,792,155</b>

The Company no longer holds stock pledged against debt.

**11. TRADE RECEIVABLES**

Trade receivables increased by 32% compared to the previous period, mainly due to receivables from the electricity supply activity.



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**12. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Petty cash	8,612	6,456
Cash at bank	8,406,382	20,101,494
Cash equivalents	7,962	510
<b>Total</b>	<b>8,422,956</b>	<b>20,108,460</b>

Cash and cash equivalents decreased by 58% due to the use of own and attracted financing resources in trading operations on the electricity market, in order to act in accordance with its dynamics in the current period. Trading commitments are short-term, with a temporary gap between the term of debt collection and the term of payment of suppliers.

**13. TRADE PAYABLES**

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

The current liabilities increased by 17%, in line with the increase of receivables.

**14. TRANZACTIIONS WITH RELATED PARTIES**

	<b>Q1 2021</b>	<b>Q1 2020</b>
<b>Sale of goods and services to subsidiaries</b>		
Electromagnetica Goldstar	-	48,405
Electromagnetica Fire	6,057	5,980
Electromagnetica Prestserv	5,403	5,294
Procetel	179,926	25,346
<b>Total</b>	<b>191,386</b>	<b>85,025</b>

	<b>Q1 2021</b>	<b>Q1 2020</b>
<b>Purchase of goods and services from subsidiaries</b>		
Electromagnetica Goldstar	-	71,030
Electromagnetica Fire	339,598	361,099
Electromagnetica Prestserv	263,603	268,500
Procetel	284,857	285,267
<b>Total</b>	<b>888,058</b>	<b>985,896</b>

The accompanying notes form an integral part of these financial statements.

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	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Trade and other liabilities toward subsidiaries</b>		
Electromagnetica Goldstar	-	8,179
Electromagnetica Fire	140,438	175,204
Electromagnetica Prestserv	108,162	110,044
Procetel	77,977	12,381
<b>Total</b>	<b>326,577</b>	<b>305,808</b>

The transactions between related parties are carried out under normal market conditions. The affiliates do not carry out operations that have an impact on the group's 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 31,2021, the Company had the following commitments granted by four financing banks:

- For bank credits as working capital the amount of RON 28,090,000;
- Non-cash guarantee agreements in amount of RON 42,000,000.

As of March 31, 2021, the Company had at its disposal an amount of RON 26,026,244 not drawn from the loan facilities contracted with the banks.

As of March 31, 2021, the Company had at its disposal the amount of RON 13,176,048, 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, 2021, 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, 2021, are worth RON 178,280 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**

In the General Meeting of Shareholders of April 28, 2021, approved the distribution of the net profit to legal reserves the amount of RON 109,300 and the difference to reserves from own financing sources in the amount of RON 2,215,001.

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**RATIOS IN ACCORDANCE WITH APPENDIX 13° FROM REGULATION 5/2018**  
**ISSUED BY FSA**

<b>Name of the indicatori</b>	<b>Calculation formula</b>	<b>Q1 2021</b>	<b>Q1 2020</b>
Current ratio	Currents assets/Current liabilities	1.91	1.90
Level of indebtedness	Long term borrowed capital/ Share capital x 100	0.38	0.37
	Long term borrowed capital/ Invested capital x 100	0.38	0.37
Days sales outstanding ratio	Average client balance/ Turnover x 90	66.0	65.5
Fixed assets turnover	(Turnover x 360/ 90)/ Non-current assets	1.19	1.05

**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**  
**Managing Director**

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**Cristina Florea**  
**Economic Manager**