



**Separate preliminary financial statements for the
12-month period ended December 31, 2021 (unaudited)**

Prepared in accordance with
Minister of Finance no. 2844/2016 for the approval of the Accounting Regulations
compliant with the International Financial Reporting Standards adopted by the
European Union



ELECTROMAGNETICA SA

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ELECTROMAGNETICA SA
PRELIMINARY SEPARATE STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE 12- MONTH PERIOD ENDED DECEMBER 31,2021 (UNAUDITED)
(all amounts are expressed in RON,unless otherwise specified)

Q4	Q4		Year	Year
2021	2020	Note	2021	2020
64,799,148	70,298,051	Revenues	340,745,893	283,151,730
4,108	61,201	Investment income	338,665	932,082
3,309,833	8,431,060	Other net income and expenses	3,909,884	10,794,514
1,428,891	1,563,228	Changes in inventories of finished goods and work in progress	6,672,706	7,934,317
2,434,910	91,032	Own work capitalized	3,978,888	1,481,686
-44,765,473	-54,359,834	Raw materials and consumables used	-293,207,949	-219,528,624
-8,573,864	-7,884,769	Employee-related expenses	-32,660,256	-30,490,094
-2,018,241	-2,285,771	Expenses related to depreciation and impairment	-8,789,780	-10,199,234
-12,212,332	-12,503,792	Other expenses	-36,614,462	-37,943,201
-346,857	-3,313,094	Financial expenses	-1,193,187	-3,947,166
4,060,124	97,313	Loss/Profit before tax	-16,819,598	2,186,009
524,305	680,783	Income tax	706,132	138,292
4,584,429	778,096	Loss/Profit of the period	-16,113,467	2,324,301
		Other comprehensive income:		
		of which:		
		Other comprehensive income that cannot be reclassified to profit or loss, of which:		
47,508,201	-	- Revaluation surplus for tangible assets	47,508,201	-
-7,601,312	-	- Deferred tax recognized in equity	-7,601,312	-
310,169	-	- Restatement of deferred tax for revaluation of assets written off	311,570	338
44,801,487	778,096	Rezultat global al perioadei	24,104,992	2,324,639

These preliminary separate financial statements were approved for issue by the management as at February 17, 2022:

EUGEN SCHEUŞAN
Managing Director

CRISTINA FLOREA
Economic Manager

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

	<u>Note</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
ASSETS			
Non-current assets			
Property, plant and equipment	4.2	319,558,500	275,703,825
Investment property	4.2	14,649,783	11,114,654
Intangible assets	4.2	141,598	291,521
Investments in related entities		841,908	841,408
Other long-term non current assets	4.2	14,540,480	19,804,010
Assets related to the rights of use		1,433,898	2,085,114
Total non-current assets		<u>351,166,167</u>	<u>309,840,532</u>
Current assets			
Inventories	4.2	18,121,309	13,402,675
Trade receivable	4.2	71,277,365	58,611,348
Cash and cash equivalents	4.2	2,923,410	20,108,460
Other current assets		2,069,666	1,882,350
Current tax assets		599,937	949,937
Total current assets		<u>94,991,688</u>	<u>94,954,770</u>
Total assets		<u>446,157,855</u>	<u>404,795,302</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		67,603,870	67,603,870
Reserves and other equity	4.2	216,140,275	176,146,894
Retained earnings	4.2	75,584,806	91,473,196
Total equity attributable to company's shareholders		<u>359,328,951</u>	<u>335,223,960</u>
Non-current liabilities			
Trade payables and other liabilities		1,737,076	1,168,772
Investment subsidies		4,083,869	4,247,088
Deferred tax liabilities	4.2	23,318,956	16,735,345
Leasing debts		794,234	1,312,782
Total non-current liabilities		<u>29,934,135</u>	<u>23,463,987</u>
Current liabilities			
Trade payables and other liabilities	4.2	53,709,372	42,982,576
Investment subsidies		163,219	163,219
Provisions		2,341,163	2,156,891
Current income tax liabilities		-	-
Leasing debts		681,015	804,669
Total current liabilities		<u>56,894,768</u>	<u>46,107,356</u>
Total liabilities		<u>86,828,904</u>	<u>69,571,343</u>
Total equity and liabilities		<u>446,157,855</u>	<u>404,795,302</u>

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ELECTROMAGNETICA SA
PRELIMINARY SEPARATE STATEMENT OF CASH FLOWS
FOR THE 12-MONTH PERIOD ENDED DECEMBER 31, 2021 (UNAUDITED)
(all amounts are expressed in RON, unless otherwise specified)

Q	Q4		Anul	Anul
2021	2020		2021	2020
		Cash flows from operating activities:		
66,981,924	62,700,106	Cash receipts from customers	306,040,320	269,512,673
-49,757,087	-48,126,632	Payments to suppliers	-280,003,053	-213,497,721
-7,616,281	-7,339,340	Payments to employees	-30,902,954	-30,210,304
-17,863,974	-5,767,879	Other operating activities	-31,107,741	-23,666,376
-8,255,418	1,466,256	Cash generated by/ (used in) operating activities	-35,973,428	2,138,273
-152,958	-904	Interest paid	-380,531	-25,010
		Income tax paid	-	-649,137
-8,408,376	1,465,353	Net cash used in operating activities	-36,353,959	1,464,125
		Cash flows from investing activities:		
-47,652	-69,597	Acquisition of property, plant and equipment	-922,052	-844,660
-	46,529	Proceeds from sale of non-current-assets	25,000	46,529
4,244	72,916	Interest received	48,029	298,949
-	-	Dividends received	291,009	637,245
-43,407	49,847	Net cash used in investing activities	-558,014	138,063
		Cash flows from financing activities:		
18,020,684	9,009,584	Proceeds from loans	95,904,347	43,070,898
-10,404,352	-9,009,584	Cash repayments of amounts borrowed	-75,002,540	-43,070,898
-267,145	-317,437	Paid leasing	-1,078,259	-1,250,651
-15,918	-20,468	Interest paid	-74,089	-83,838
-4,834	313,715	Dividends paid	-22,536	-1,870,422
7,328,435	-24,190	Net cash used in financing activities	19,726,923	-3,204,911
-1,123,348	1,491,010	Net (decrease)/increase of cash and cash equivalents	-17,185,050	-1,602,723
4,046,759	18,617,450	Cash and cash equivalents at beginning of period	20,108,460	21,711,183
2,923,410	20,108,460	Cash and cash equivalents at end of period	2,923,410	20,108,460

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ELECTROMAGNETICA SA
PRELIMINARY SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE 12-MONTH PERIOD ENDED DECEMBER 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>
Balance as of January 1, 2021	67,603,870	91,473,196	110,800,133	64,516,529	19,789,854	-18,959,622	335,223,960
Comprehensive income for the period:							
Current result	-	-16,113,467	-	-	-	-	-16,113,467
Other comprehensive income:							
Setup of legal reserve	-	-109,300	-	109,300	-	-	-
Revaluation surplus for tangible assets	-	-	47,508,201	-	-	-	47,508,201
Deferred tax recognized in equity	-	-	-	-	-	-7,601,312	-7,601,312
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	4,130,249	-4,130,249	-	-	-	-
Transfer deferred tax recognized in equity to retained earnings	-	-1,580,870	-	-	-	1,580,870	-
Impozit amanat ca urmare a scoaterii din evidenta a activelor corporale	-	-	-	-	-	311,570	311,570
Transfer of the retained earnings to reserves	-	-2,215,001	-	2,215,001	-	-	-
Total comprehensive income for the period	-	-15,888,389	43,377,952	2,324,301	-	-5,708,872	24,104,992
Transactions with shareholders, directly registered to equity:							
Other items	-	-	-	-	-	-	-
Balance as of December 31, 2021	67,603,870	75,584,806	154,178,085	66,840,830	19,789,854	-24,668,494	359,328,951

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Managing Director

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA SA
PRELIMINARY SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE 12-MONTH PERIOD ENDED DECEMBER 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>
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	-	2,324,301	-	-	-	-	2,324,301
Other comprehensive income:							
Setup of legal reserve	-	(249,060)	-	139,760	109,300	-	-
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	-	2,335,856	(2,335,856)	-	-	-	-
Transfer of the retained earnings to reserves	-	(1,535,471)	-	1,535,471	-	-	-
Total comprehensive income for the period	-	2,875,626	(2,335,856)	1,675,231	109,300	338	2,324,639
Transactions with shareholders, directly registered to equity							
Dividends distributed	-	(2,704,155)	-	-	-	-	(2,704,155)
Other items	-	-	-	-	-	-	-
Balance as of December 31, 2020	67,603,870	91,473,196	110,800,133	64,516,529	19,789,854	(18,959,622)	335,223,960

These preliminary separate financial statements were approved for issue by the management as at February 17, 2022:

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Managing Director

CRISTINA FLOREA
Economic Manager

ELECTROMAGNETICA SA
NOTES TO THE PRELIMINARY SEPARATE FINANCIAL STATEMENTS
FOR THE 12-MONTH PERIOD ENDED DECEMBER 31,2021
(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 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 December,31 2021 was neither audited, nor subject to review by an external auditor.

3. MAIN ACCOUNTING POLICIES

This separate annual preliminary 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 PRELIMINARY SEPARATE FINANCIAL STATEMENTS
FOR THE 12-MONTH PERIOD ENDED DECEMBER 31, 2021
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4. EXPLANATORY NOTES

4.1. Preliminary separate profit and loss statement

Revenues from sales

Q4 2021	Q4 2020		Year 2021	Year 2020
27,748,214	27,270,207	Revenues from unlicensed activities	103,741,405	90,662,870
37,050,934	43,027,844	Revenues from licensed activities	237,004,488	192,488,860
64,799,148	70,298,051		340,745,893	283,151,730

The Company's turnover in 2021 increased by 20% compared to the previous year, mainly due to the increase of the electricity supply activity.

In the last quarter of 2021, the decrease of the revenues of the energy supply activity by 14% compared to the same period of the previous year led to a reduction of 8% of the total revenues compared to the similar period of last year.

Also, the Company obtained in Q4 a profit of RON 4,584,429 which contributed to the reduction of the cumulative loss until September 30, 2021, thus on December 31, 2021 we estimate a loss of RON 16,113,467.

The year 2021 was marked both by the crisis generated by the Covid-19 pandemic, and by the unexpected crisis in the energy field that also affected our Society.

4.2. Preliminary separate statement of financial position

Non-current assets

Tangible fixed assets (Property, plant and equipment) increased by 16% compared to the end of 2020, mainly due to the periodic valuation of assets, the highest values being registered in group 1 of fixed assets - construction and land.

Investment property increased by 32% compared to December 31, 2020. The added value was also due to the revaluation process.

Intangible assets decreased by 51% compared to the end of 2020 due to the amortization of the period.

Other fixed assets, mainly represented by receivables with a collection term of more than one year, decreased by 27% compared to December 31, 2020.

Current assets

Current assets remained at a level similar to that recorded on December 31, 2020.

Inventories increased by 35% compared to the beginning of the year both in terms of quantity and value. The increase in value is related to the purchase prices of raw materials, materials and related transport, which increased several times during 2021. On the other hand, the quantitative increase was imposed by the need to establish buffer stocks because delivery times from suppliers have grown considerably up to six months.

ELECTROMAGNETICA SA
NOTES TO THE PRELIMINARY SEPARATE FINANCIAL STATEMENTS
FOR THE 12-MONTH PERIOD ENDED DECEMBER 31,2021
(all amounts are expressed in RON,unless otherwise specified)

Cash and cash equivalents decreased by 85%. This significant decrease in financial resources was caused by both the loss of energy activity and the payment of the fine to the Competition Council as a result of the finalization in court of the process by which the imputed amount was challenged.

Equity

As of December 31, 2021, *the equity* reached a level of RON 359,328,951, registering an increase of 7% compared to the end of 2020, under the cumulative effect of the loss generated during the reporting period and the capital increase in the form of a reserve following the revaluation process of the assets.

Liabilities

Non-current liabilities increased by 28% compared to the end of 2020. This position was influenced by the increase in the value of debt with deferred income tax with the portion corresponding to the revaluation surplus.

Current liabilities increased by 5% mainly due to the increase in short-term loans to banks coupled with the decrease in other debts with the payment of the fine.

5. SUBSEQUENT EVENTS

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

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 the ones mentioned above.

EUGEN SCHEUŞAN
Managing Director

CRISTINA FLOREA
Economic Manager