



**Separate preliminary financial statements for the  
12-month period ended December 31, 2022 (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 ON DECEMBER 31,2022 (UNAUDITED)**  
**(all amounts are expressed in RON,unless otherwise specified)**

<b>Q4</b>	<b>Q4</b>		<b>Year</b>	<b>Year</b>
<b>2022</b>	<b>2021</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>58,617,884</b>	<b>64,799,148</b>	<b>Revenues</b>	<b>231,502,678</b>	<b>340,745,893</b>
96,734	4,108	Investment income	638,614	338,665
2,007,007	3,309,833	Other net income and expenses	4,471,866	3,909,884
3,539,082	1,428,891	Changes in inventories of finished goods and work in progress	14,188,764	6,672,706
740,400	2,434,910	Own work capitalized	2,229,197	3,978,888
-30,205,213	-44,765,473	Raw materials and consumables used	-123,780,118	-293,207,949
-10,004,485	-8,573,864	Employee-related expenses	-36,050,893	-32,660,256
-2,747,106	-2,018,241	Expenses related to depreciation and impairment	-15,043,289	-8,789,780
-20,189,625	-12,212,332	Other expenses	-49,877,259	-36,614,462
-143,219	-346,857	Financial expenses	-1,129,564	-1,193,187
<b>1,711,459</b>	<b>4,060,124</b>	<b>Profit / Loss before tax</b>	<b>27,149,997</b>	<b>-16,819,598</b>
28,063	524,305	Income tax	-1,918,904	706,132
<b>1,739,522</b>	<b>4,584,429</b>	<b>Profit / Loss of the period</b>	<b>25,231,093</b>	<b>-16,113,467</b>
		<b>Other comprehensive income:</b>		
		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
<b>1,739,522</b>	<b>44,801,487</b>	<b>Comprehensive income for the period</b>	<b>25,231,093</b>	<b>24,104,992</b>
-	-	<b>Basic/diluted earnings per share</b>	<b>0.0373</b>	<b>-0.0238</b>

These preliminary separate financial statements were approved for issue by the management as at February 16, 2023:

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

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

**ELECTROMAGNETICA SA**  
**PRELIMINARY SEPARATE STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022 (UNAUDITED)**  
(all amounts are expressed in RON, unless otherwise specified)

	<u>Note</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4.2	309,248,377	319,558,500
Investment property	4.2	16,573,349	14,649,783
Intangible assets	4.2	787,901	141,598
Investments in related entities		841,908	841,908
Other long-term non current assets	4.2	9,920,728	14,540,480
Assets related to the rights of use		2,160,053	1,433,898
<b>Total non-current assets</b>		<b><u>339,532,316</u></b>	<b><u>351,166,167</u></b>
<b>Current assets</b>			
Inventories	4.2	20,209,997	18,121,309
Trade receivable	4.2	76,173,055	71,277,365
Cash and cash equivalents	4.2	10,713,669	2,923,410
Other current assets		1,699,960	2,069,666
Current tax assets		177,392	599,937
<b>Total current assets</b>		<b><u>108,974,073</u></b>	<b><u>94,991,688</u></b>
<b>Total assets</b>		<b><u>448,506,389</u></b>	<b><u>446,157,855</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		67,603,870	67,603,870
Reserves and other equity	4.2	196,462,928	216,140,275
Retained earnings	4.2	120,493,247	75,584,806
<b>Total equity attributable to company's shareholders</b>		<b><u>384,560,045</u></b>	<b><u>359,328,951</u></b>
<b>Non-current liabilities</b>			
Trade payables and other liabilities		700,176	975,819
Investment subsidies		3,920,651	4,083,869
Deferred tax liabilities	4.2	22,429,646	23,318,956
Leasing debts		1,299,749	794,234
<b>Total non-current liabilities</b>		<b><u>28,350,222</u></b>	<b><u>29,172,878</u></b>
<b>Current liabilities</b>			
Trade payables and other liabilities	4.2	32,339,773	54,470,629
Investment subsidies		163,219	163,219
Provisions		2,199,338	2,341,163
Current income tax liabilities		-	-
Leasing debts		893,792	681,015
<b>Total current liabilities</b>		<b><u>35,596,123</u></b>	<b><u>57,656,025</u></b>
<b>Total liabilities</b>		<b><u>63,946,345</u></b>	<b><u>86,828,904</u></b>
<b>Total equity and liabilities</b>		<b><u>448,506,389</u></b>	<b><u>446,157,855</u></b>

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

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

**ELECTROMAGNETICA SA**  
**PRELIMINARY SEPARATE STATEMENT OF CASH FLOWS**  
**FOR THE 12-MONTH PERIOD ENDED DECEMBER 31,2022 (UNAUDITED)**  
**(all amounts are expressed in RON,unless otherwise specified)**

<b>Q4</b>	<b>Q4</b>		<b>Year</b>	<b>Year</b>
<b>2022</b>	<b>2021</b>		<b>2022</b>	<b>2021</b>
		<b>Cash flows from operating activities</b>		
65,652,980	66,981,924	Cash receipts from customers	227,029,562	306,040,320
-38,357,210	-49,757,087	Payments to suppliers	-134,594,654	-280,003,053
-8,878,882	-7,616,281	Payments to employees	-34,862,886	-30,902,954
-14,614,662	-17,853,461	Other operating activities	-24,832,968	-31,097,228
<b>3,802,227</b>	<b>-8,244,905</b>	<b>Cash generated by/ (used in) operating activities</b>	<b>32,739,054</b>	<b>-35,962,915</b>
-2,327	-152,958	Interest paid	-609,409	-380,531
-2,037,073	-	Income tax paid	-2,385,670	-
<b>1,762,827</b>	<b>-8,397,863</b>	<b>Net cash used in operating activities</b>	<b>29,743,975</b>	<b>-36,343,446</b>
		<b>Cash flows from investing activities:</b>		
-284,969	-47,652	Acquisition of property, plant and equipment	-382,590	-922,052
-	-	Proceeds from sale of non-current-assets	50,300	25,000
96,949	4,244	Interest received	142,286	48,029
-	-	Dividends received	492,313	291,009
<b>-188,020</b>	<b>-43,407</b>	<b>Net cash used in investing activities</b>	<b>302,310</b>	<b>-558,014</b>
		<b>Cash flows from financing activities:</b>		
1,360,538	18,020,684	Proceeds from loans	32,718,453	95,904,347
-2,116,490	-10,414,865	Cash repayments of amounts borrowed	-53,609,747	-75,013,053
-336,238	-267,145	Paid leasing	-1,257,256	-1,078,259
-23,423	-15,918	Interest paid	-96,097	-74,089
-1,911	-4,834	Dividends paid	-11,379	-22,536
<b>-1,117,524</b>	<b>7,317,922</b>	<b>Net cash used in financing activities</b>	<b>22,256,026</b>	<b>19,716,410</b>
<b>457,283</b>	<b>-1,123,348</b>	<b>Net increase / decrease of cash and cash equivalents</b>	<b>7,790,259</b>	<b>-17,185,050</b>
<b>10,256,386</b>	<b>4,046,759</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>2,923,410</b>	<b>20,108,460</b>
<b>10,713,669</b>	<b>2,923,410</b>	<b>Cash and cash equivalents at end of period</b>	<b>10,713,669</b>	<b>2,923,410</b>

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**ELECTROMAGNETICA SA**  
**PRELIMINARY SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 12-MONTH PERIOD ENDED ON DECEMBER 31, 2022(UNAUDITED)**  
**(all amounts are expressed in RON, unless otherwise specified)**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Tangible assets revaluation reserve</u>	<u>Other reserves</u>	<u>Legal reserve</u>	<u>Other equity items</u>	<u>Total equity</u>
<b>Balance as of January 1, 2022</b>	<b>67,603,870</b>	<b>75,584,806</b>	<b>154,178,085</b>	<b>66,840,830</b>	<b>19,789,854</b>	<b>-24,668,494</b>	<b>359,328,951</b>
<b>Comprehensive income for the period:</b>							
Current result	-	25,231,093	-	-	-	-	25,231,093
<b>Other comprehensive income:</b>							
Setup of legal reserve	-	-	-	-1,401,965	1,401,965	-	-
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	4,242,715	-4,242,715	-	-	-	-
Transfer deferred tax recognized in equity to retained earnings	-	-678,834	-	-	-	678,834	-
Transfer of reserves and inflation adjustment to retained earnings	-	16,113,467	-	-7,463,590	-8,649,877	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>44,908,440</b>	<b>-4,242,715</b>	<b>-8,865,555</b>	<b>-7,247,912</b>	<b>678,834</b>	<b>25,231,093</b>
<b>Transactions with shareholders, directly registered to equity:</b>							
Dividends distributed	-	-	-	-	-	-	-
Other elements	-	-	-	-	-	-	-
<b>Balance as of December 31, 2022</b>	<b>67,603,870</b>	<b>120,493,248</b>	<b>149,935,370</b>	<b>57,975,275</b>	<b>12,541,942</b>	<b>-23,989,660</b>	<b>384,560,045</b>

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**PRELIMINARY SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 12-MONTH PERIOD ENDED ON DECEMBER 31, 2022(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>67,603,870</b>	<b>91,473,196</b>	<b>110,800,133</b>	<b>64,516,529</b>	<b>19,789,854</b>	<b>-18,959,622</b>	<b>335,223,960</b>
<b>Comprehensive income for the period:</b>							
Current result	-	-16,113,467	-	-	-	-	-16,113,467
<b>Other comprehensive income:</b>							
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	-
Restatement of deferred tax for revaluation of assets written off	-	-	-	-	-	311,570	311,570
Transfer of the retained earnings to reserves	-	-2,215,001	-	2,215,001	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-15,888,389</b>	<b>43,377,952</b>	<b>2,324,301</b>	<b>-</b>	<b>-5,708,872</b>	<b>24,104,992</b>
<b>Transactions with shareholders, directly registered to equity:</b>							
Other items	-	-	-	-	-	-	-
<b>Balance as of December 31, 2021</b>	<b>67,603,870</b>	<b>75,584,806</b>	<b>154,178,085</b>	<b>66,840,830</b>	<b>19,789,854</b>	<b>-24,668,494</b>	<b>359,328,951</b>

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**ELECTROMAGNETICA SA**  
**NOTES TO THE PRELIMINARY SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 12-MONTH PERIOD ENDED DECEMBER 31,2022**  
**(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 electrical energy distribution and measurement equipment, telemanagement systems, electric car charging stations);
- 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).

Preliminary financial information for December,31 2022 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 December 31, 2021, except for the adoption of the new standards in force as of January 1, 2022.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 IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use adopted by the EU on 28 June 2021 (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 adopted by the EU on 28 June 2021 (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 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- **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 - adopted by the EU on 28 June 2021 (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).

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, 2022**  
**(all amounts are expressed in RON, unless otherwise specified)**

**4. EXPLANATORY NOTES**

**4.1. Preliminary separated statement of profit or loss**

<b>Indicator</b>	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>Year 2022</b>	<b>Year 2021</b>
Revenues from unlicensed activities	30,381,966	27,748,214	118,054,760	103,741,405
Revenues from licensed activities	28,235,918	37,050,934	113,447,919	237,004,488
<b>Turnover</b>	<b>58,617,884</b>	<b>64,799,148</b>	<b>231,502,678</b>	<b>340,745,893</b>
<b>EBITDA*</b>	<b>4,459,341</b>	<b>6,451,102</b>	<b>42,733,520</b>	<b>-7,386,301</b>
<b>EBITDA margin (%)</b>	<b>7.6%</b>	<b>10.0%</b>	<b>18.5%</b>	<b>-2.0%</b>
<b>Result for the period</b>	<b>1,739,522</b>	<b>4,584,429</b>	<b>25,231,093</b>	<b>-16,113,467</b>
<b>Earnings per share</b>	<b>-</b>	<b>-</b>	<b>0.0373</b>	<b>-0.0238</b>

\*EBITDA represents profit before taxation, expense with interest, depreciation and impairment.

The turnover of the Company in 2022 decreased by 32% compared to the previous year, primarily as a result of the reduction in the electricity supply activity.

In the last quarter of 2022, the decrease in the revenues of the energy supply activity by 23.8% compared to the same period of the previous year, combined with the increase in unlicensed activities (by 9.5%) led to a reduction of 9.6% in total revenues compared to the same period last year.

Also, the Company obtained in Q4 a profit of 1,739,522 RON, much lower than the profit obtained in the last quarter of 2021, the main reason being the introduction of the new contribution in the field of energy starting on September 1, 2022.

In 2022, Electromagnetica's result was influenced by the following aspects:

- For activities in the energy field, the introduction by GEO 119/2022 for the modification and supplementation of GEO 27/2022 of the new contribution to the Energy Transition Fund starting from September 2022 meant the reduction of profit to a minimum, a situation that will be maintained in the following period if the amendments made to this regulation are not changed;
- Decrease in energy production at micro hydropower plants because of the drought;
- In the Official Monitor of Romania, part I, no. 746 bis. Of July 25, 2022, the Romanian Government Decision was published regarding the initiation of the procedures of expropriation of all private property estates that constitute the expropriation corridor for public utility works of national interest "4-lane widening of the Bucharest South Ring Road".  
Electromagnetica is affected by this expropriation for a part of the land owned in Domnesti, Ilfov County. The amount offered by the expropriator of Lei 1,402,265.34, i.e. 15.98 lei/sqm as compensation cannot be accepted because it does not represent fair compensation established according to ICCJ Decision no. 78/2021. Pursuant to art. 19 paragraph 2 and paragraph 11 of Law no. 255 of December 14, 2010 regarding expropriation for a public utility reason, necessary to achieve some objectives of national, county and local interest, in conjunction with art. 15 of Government Decision no. 53 of January 19, 2011 on the approval of the Methodological Norms for the application of Law no. 255/2010, in conjunction with Law no. 33/1994, Electromagnetica SA, along with the submission of the documents attesting the ownership of the estates, also filed the request for the payment of compensation related to the real estate included in the expropriation corridor identified according to Annex 2 of Government Decision no. 928/2022, to

**ELECTROMAGNETICA SA**  
**NOTES TO THE PRELIMINARY SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 12-MONTH PERIOD ENDED DECEMBER 31,2022**  
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be at the value established according to the evaluation report and, in subsidiary, at the accounting value recorded on December 31, 2021, according to the financial statements approved by the Ordinary General Meeting of Shareholders of April 28, 2022. If the Commission established according to the related legislation in the field, does not accept the request in the administrative phase, the competent court will be invested in order to resolve the request.

- Carrying out expenses for the development of the building spaces in Calea Rahovei 266-268 in order to better manage them;
- Continuation of previously started research programs in the field of electric car charging equipment.

#### **4.2. Preliminary separate statement of financial position**

##### **Non-current assets**

*Tangible fixed assets* registered a decrease of 3% compared to the end of 2021, mainly as a result of depreciation.

*Investment property* increased by 13% compared to December 31, 2021. The added value was due to the annual revaluation process to establish the fair value. It also included the investments made during the year for the modernization of some buildings in Calea Rahovei 266-268.

*Intangible assets* have increased significantly compared to the end of 2021 as a result of the introduction of new technology in the field of electric car charging stations.

*Other long term non-current assets* represented mainly by receivables with a payment term of more than one year decreased by 32% compared to December 31, 2021.

##### **Current assets**

*Current assets* increased by 15% compared to December 31, 2021.

*Inventories* registered a 12% increase compared to the beginning of the year, both in terms of quantity and value. The value increase is linked to the purchase prices of raw materials, materials and related transport, which have grown several times during the year 2022. On the other hand, the quantitative increase was imposed due to the need to establish some buffer stocks for lighting fixtures with LEDs that are necessary for sales programs from the first part of 2023.

*Trade receivables* increased by 7% as a result of delays in collecting some contracts regarding the state authorities.

*Cash and cash equivalents* increased by 266%. This increase was primarily due to the return to profit of the energy supply activity, which led to a positive cash flow.

##### **Equity**

On December 31, 2022, equity reached a level of 384,560,045 RON, registering a 7% increase compared to the end of 2021, as a result of the profit obtained in the reporting period.

##### **Liabilities**

*Non - current liabilities* registered a decrease of 3% compared to the end of 2021. This position was influenced by the decrease in the value of the debt with the deferred profit tax with the portion corresponding to the surplus from revaluation amortized in 2022.

*Current liabilities* decreased by 38% mainly due to the full payment of the balance of short-term loans which existed at the end of 2021.

**ELECTROMAGNETICA SA**  
**NOTES TO THE PRELIMINARY SEPARATE FINANCIAL STATEMENTS**  
**FOR THE 12-MONTH PERIOD ENDED DECEMBER 31,2022**  
**(all amounts are expressed in RON,unless otherwise specified)**

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**5. SUBSEQUENT EVENTS**

The disputes in which the Company is involved refer to amounts that could not affect the Company's financial stability.

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

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

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