Semestrial report on June 30, 2023

ELECTROMAGNETICA S.A.

Content

ELECTROMAGNETICA S.A.

ADMINISTRATOR'S REPORT

- 1ST SEMESTER OF 2023 -

prepared in accordance with art.67 of Law 24/2017 on issuers of financial instruments and market operations, annex 14 to the FSA Regulation no. 5/2018 on issuers of financial instruments and market operations and the Bucharest Stock Exchange Code

DISCLAIMER: The English version is an unofficial in-house translation of the original in Romanian language for information purposes only. In case of a discrepancy, the Romanian original will prevail

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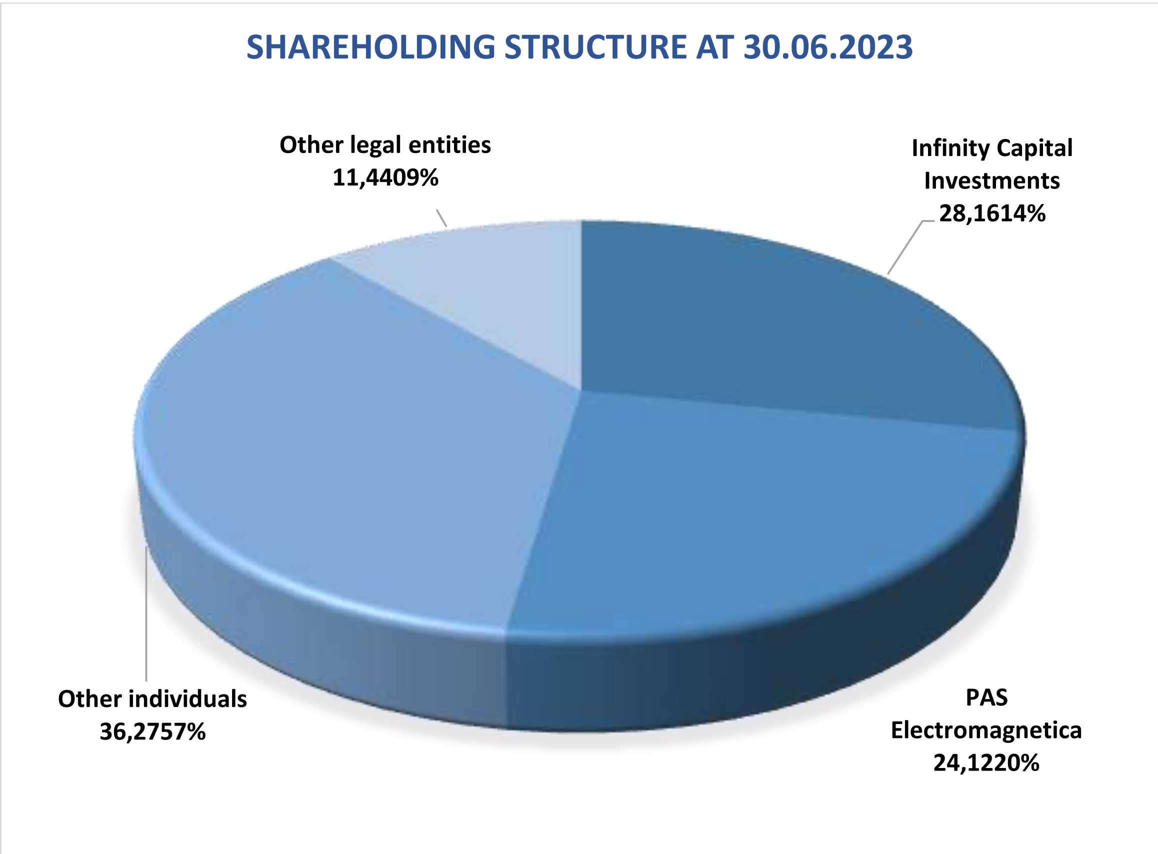
1. ELECTROMAGNETICA IDENTIFICATION DATA :

Company name:	**Electromagnetica SA**
Registered office:	**Bucharest, Sector 5, Calea Rahovei nr 266-268, postal code 050912**
Phone/Fax:	**+40.21 404 21 02/+40.21 404 21 94**
Sole Registration Number:	**RO 414118**
Trade Register Office:	**J40/19/1991**
Regulated market:	**BVB, Equity securities sector, Shares, Category Premium**
Stock symbol:	**ELMA**
Number of shares:	**676,038,704**
Nominal value:	**0.1000 lei**
Share capital:	**67,603,870.40 lei**
Code LEI:	**254900MYW7D8IGEFRG38**

2. SHAREHOLDING STRUCTURE :

At 30.06.2023, the Company had 6,214 shareholders. According to the records of Depozitarul Central, the summary structure is as follows :



3. COMPANY OVERVIEW

Electromagnetica S.A. is a Romanian legal entity incorporated in 1930 under the legal form of joint stock company for an unlimited duration and organized and operating under its articles of incorporation, Law no. 31/1991 republished, in compliance with Law no. 24/2017 on issuers of financial instruments and market operations.

The Company share capital is 67,603,870.40 lei divided into 676,038,704 ordinary shares, registered and dematerialized, which are recorded in electronic account in the shareholder register held by Depozitarul Central S.A. (Central Securities Depositary). According to the Company's articles of incorporation, its main object of activity is the manufacture of instruments and appliances for measuring, testing and navigation (CAEN code 2651).

Electromagnetica S.A., in its capacity of trading company whose shares are admitted to trading on a regulated market (Bucharest Stock Exchange, category Premium, symbol ELMA), has adopted IFRS (the International Financial Reporting Standard) starting with the financial year 2012. The financial statements for H1 2023 were prepared in compliance with Order no. 2844/2016 of the Minister of Public Finance (O.M.F.P.) approving the accounting regulations compliant with the International Financial Reporting Standards adopted by the European Union.

Electromagnetica has the following main business lines:

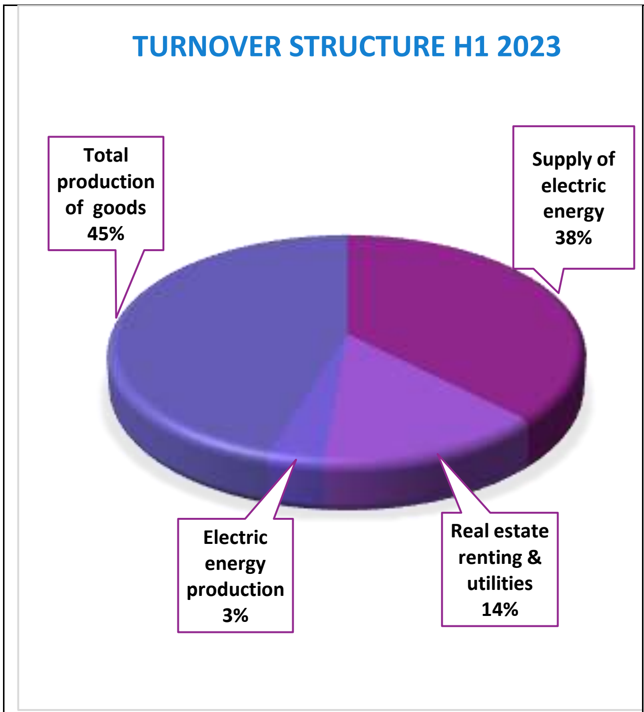
A. PRODUCTS AND SERVICES AIMED AT INCREASING ENERGY EFFICIENCY

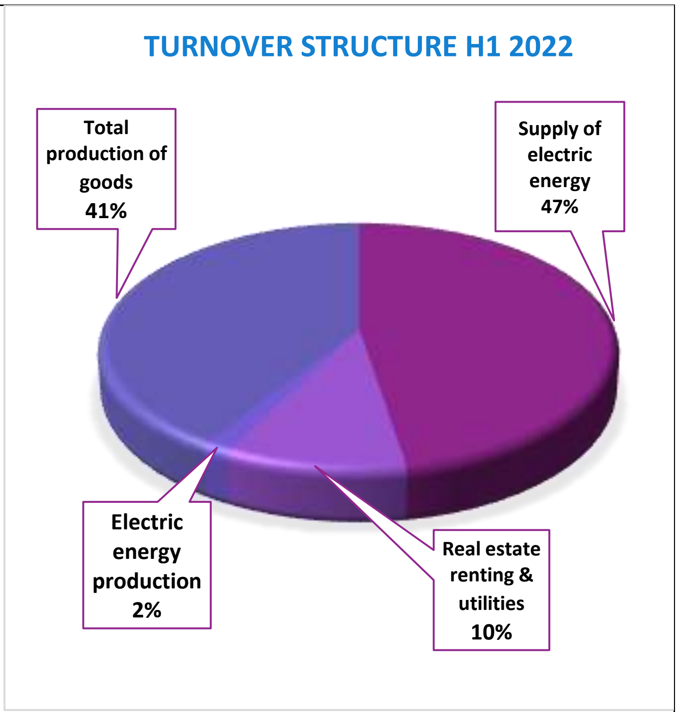
B. ELECTRICITY PRODUCTION AND SUPPLY

C. REAL ESTATE RENTING AND DEVELOPMENT

D. OTHER DEVELOPED PRODUCTS AND ACTIVITIES

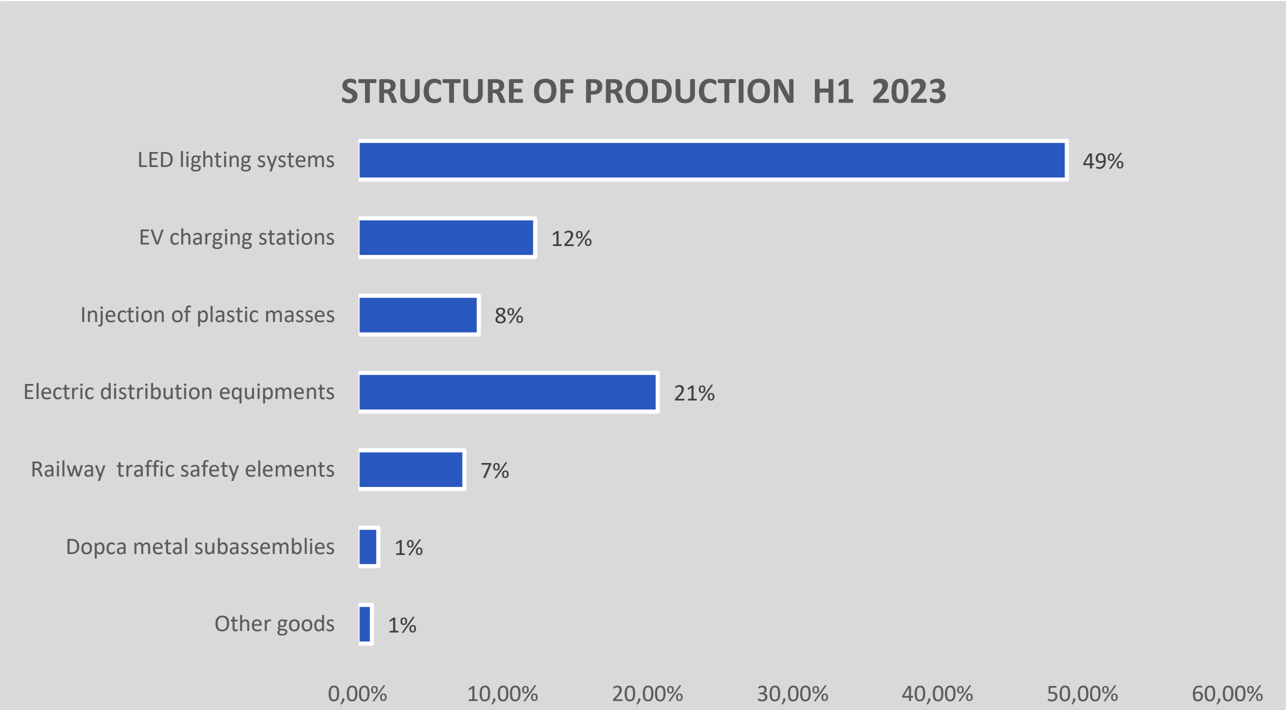
Production structure in H1 2023 compared to H1 2022:

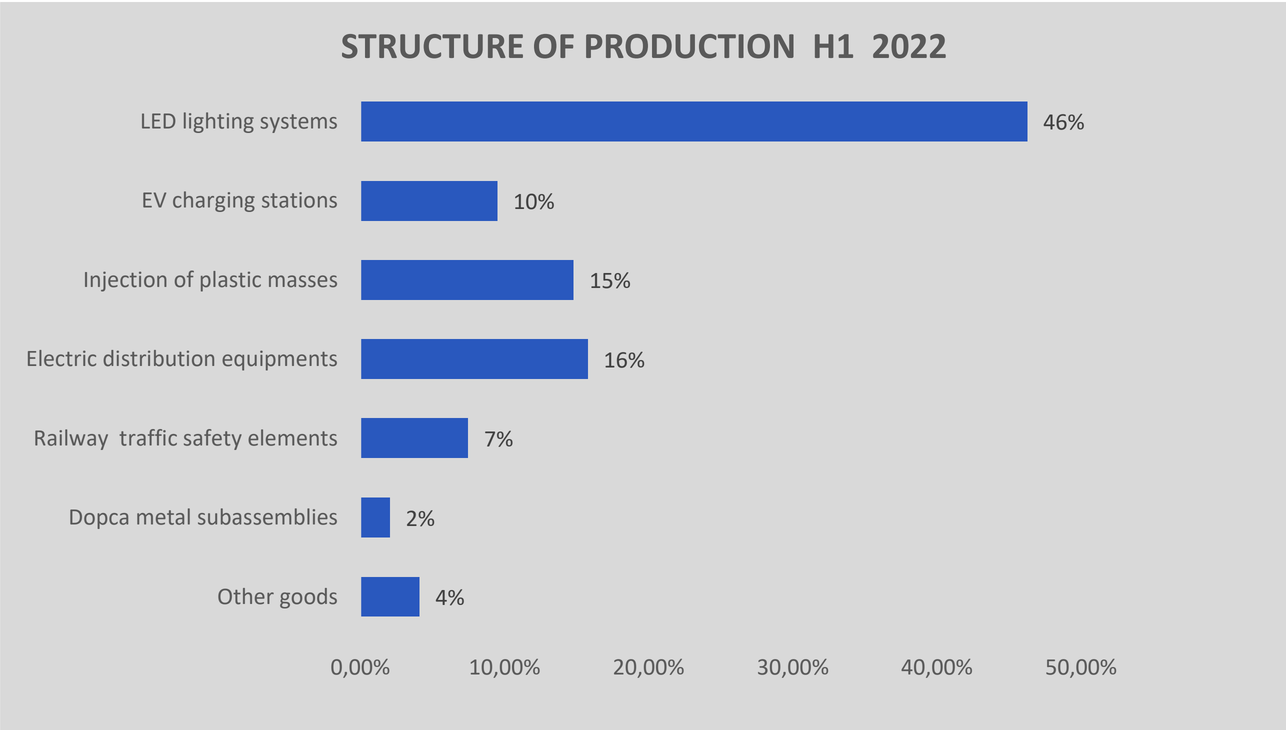




It can be seen that although the value of turnover in the first semester is similar (106,760,023 lei in H1 2023 compared to 109,580,001 lei in H1 2022) the share of electricity supply has decreased in a controlled and prudent manner and the share of goods production, energy production has increased electricity from renewable sources (a better hydrological year), as well as the rental activity.

Related to the production of goods (without the production of electricity from renewable sources): the sales of charging stations for electric vehicles as well as those of electrical equipment increased significantly, the latter being exclusively intended for export. Railway network relays remained an element of continuity and stability with approx. 7 % of the goods production every year.





NOTE : The charts above did not include production of electric energy

A PRODUCTS AND SERVICES AIMED AT INCREASING ENERGY EFFICIENCY

A.1 Bodies, systems and LED lighting solutions

For more than twelf years, our Company invested important resources in the research and production of LED LIGHTING SYSTEMS optionally accompanied by SMARTCITY CONTROL AND MONITORING SYSTEMS and CHARGING STATIONS FOR ELECTRIC VEHICLES.

The competitive advantage of LED lighting equipment is due to its high efficiency (above 160 lm/w), long operating time (minimum 100,000 hours) and high colour rendering index (minimum 85%). Moreover, the LED lighting bodies provide a quality light, they are environment friendly and make possible their integration within telemanagement systems.

The focus is currently on the control and management of energy consumption, considering the important increases in the price of electricity, as well as the management of efficient use and the management of the maintenance of the lighting system. On the other hand, the efficient management of the data generated by the sensors attached to the management system is very useful to the final beneficiary.

In the lighting systems sector, we have ongoing projects funded from European and national programmes – POR and AFM, developing 3 Smart City and Telemanagement platforms for the management and automation of lighting system so as to reduce the CO_2 carbon footprint by decreasing light intensity depending on time or sensor-controlled; these solutions are very stable and reliable and ELECTROMAGNETICA delivers a complete smart lighting solution integrated into SmartCity platforms. The 3 main platforms developed are:

1. Smart Server IoT: ILIC – Inteligent Luminaire Informations Center, used in public street lighting projects: Craiova Pitesti Expressway lot 1 and 2 (Slatina city and Bals city), CAHUL City, Republic of Moldova, Tasnad City, Satu Mare County. Currently, we continue to implement this telemanagement system in numerous projects, among which we mention: Craiova Pitesti Expressway lot 3, Draganesti Olt City Olt County, DJ401 Ilfov County Road.

2. Telemanagement radio in tehnologia mesh 6LoWPAN - Neptun CMS, used in public street lighting projects: Panciu city, Vrancea county, Baneasa commune, Constanta county.

3. 4G/GPRS/ NB-IoT Smart City: used in public street lighting projects: Buftea city, Ilfov county, Ciurea commune, Iasi county, Valea Seaca commune, Iasi county.

In these lighting systems, more recently, solar panels have been integrated so that the energy consumption and implicitly the energy cost is an advantage for the final beneficiary. The company aims to develop the construction of photovoltaic parks and solar panel installation works considering the financing that can be obtained through the P.N.R.R. program and A.F.M.

Electromagnetica SA has developed its own range of lighting fixtures by manufacturing a housing made of thermoconductive plastic material for LED street lighting fixtures in the 20-125W power range, using an innovative and modern design that adapts to the current requirements for radio remote control systems. Right from the injection process, the casings are adapted for mounting devices and telemanagement connectors. Another advantage is the complete local manufacturing, without ordering casings from other external suppliers (no advance payment, long transport and manufacturing time, logistics costs, their storage, etc.)

A.2. Charging stations for electric vehicles

In recent years, the market of hybrid and electric vehicles has experienced an accelerated development both in Europe and in Romania. "Green" cars, electric cars, along with hybrids, registered an accelerated growth in our country in 2022 and in the first part of 2023.

Source : www.lektri.ro

With the aim to reduce the CO_2 footprint, ELECTROMAGNETICA continues the development and production of FAST CHARGE and ULTRA FAST CHARGE stations (50kWm, 100kW, 150kW and 350kW). We mention that ELECTROMAGNETICA extended its charging HUB for electric vehicles by 12 additional FAST CHARGE stations, improved the ELMOTION station management application and increased and upgraded the national network. We are also present in calls for tenders organised by city halls for the charging stations funding programmes coordinated by A.F.M. and we have recently completed 4 project in two county seats. We are looking forward to the launching of the P.N.R..R programme, for which the stations of Electromagnetica meet all requirements and, to facilitate operation, Electromagnetica is ready to implement the bank card (POS) solution as soon as allowed by the tax legislation.

An important contract for the delivery of fast charge stations was concluded with a large online store, which will purchase a package of 100 50kW DC+22kW AC charging stations.

Regarding the charging power of the stations, there is an increased demand on the ultra-fast charge area defined by DC 150 kW stations. Among the customers who purchased stations produced by Electromagnetica S.A. we can mention: BMW and Mercedes car dealers, FORD various partners and distributors, local authorities and private customers (hotels, guesthouses, and car service).

An important element in the operation and sale of charging stations is represented by the OCPP certification. ELECTROMAGNETICA S.A. completed the tests for the OCPP certification (OCPP is an open-source communication standard for EV charging stations and network software companies) , which guarantees communication with all external operating platforms on the market, thus showing that the stations produced by ELMA are compatible with any platform that uses the OCPP protocol, thus having for sale a product at a higher quality level.

Another element that will complement the receipts and payments through the ELMOTION operating platform and that will increase the security of the transactions, is the establishment of an electronic wallet that will allow you to make payments only after the account is filled with the amount necessary for loading.

ELECTROMAGNETICA S.A. offers complete solutions for delivery, installation and commissioning as well as the management part of the stations with its own ELMOTION operating platform, practically offering a complete service, with dispatch and intervention for quick troubleshooting in case of need.

B. LOCAL PRODUCTION OF ELECTRICITY AND ELECTRIC ENERGY SUPPLY :

Given the sharp increase in energy prices, driven in particular by the decrease in gas deliveries, combined with the change in production structure at European and national level (elimination of coal plants and significant increase in the price of carbon credits) and with the lack of investments in electricity generation (in Romania), in the near future, the focus will be on the decentralized electricity generation from renewable sources (including the case of prosumers), and on the efficiency of consumption, i.e. its reduction.

Electromagnetica is actively involved in both activities, therefore

B.1. Production of electricity from renewable sources:

Energy production is a field governed by ANRE, the Company holding the license of producer since 2007. The Company owns 10 micro hydro station within the basin of Suceava river, which were modernised and automated gradually, reaching an installed power of 5.5 MW. In Semester 1 of the year 2023, the production of electricity from renewable sources in our own microhydropower plants was 8232 MWh, increasing by approximately 30% on the basis of good hydraulics.

A significant part, representing 74% of the need for green certificates for the entire portfolio of supply clients, was covered in Semester 1 of 2023 by the certificates obtained by the own micro-hydro plants.

It should be mentioned that in the 1st Semester of 2023, investments were also made that consist of works to change the adduction at the Brodina de Jos power station (pipes, transport, couplings, labor, excavations, installation of new pipes) in the amount of approximately 745.747 EURO

B.2 SUPPLY OF ELECTRIC ENERGY :

In Semester 1 of 2023, the measures to make the activity of 2022 more efficient and adapt to legislative changes through the integrated operation of activities in the field of electricity production and supply were continued. The supply of energy is made only to customers who are legal entities with creditworthiness, after careful verification. No new trading transactions were carried out in 2023 (sale/purchase of block exchange energy) considering the existing legislation (O.U.G. no. 27/2022 with subsequent amendments and additions) regarding the payment of the contribution to the transition fund by the suppliers of energy, with the exception of the purchase of a maximum of 5MW hourly power from a photovoltaic energy producer (for the period 01.06.2023-31.12.2023).

C. REAL ESTATE RENTING AND DEVELOPMENT :

Electromagnetica S.A. manages approximately 35,500 sqm of rental space in Bucharest and 3,500 sqm in Varteju, Ilfov county. At the end of the first semester of 2023, for the headquarters in Calea Rahovei no. 266-268, the average rental rate was about 90%. For the spaces in the town of Varteju (Magurele), Ilfov county, the rental rate was 99%.

The structure by destination of the spaces for rent on 30.06.2023 is presented as follows:

Nr.crt.	The destination of the premises for rent at the headquarters	Share %	The destination of the premises for rent at the headquarters	Share %
1	Offices	30,64	Offices	3,61
2	Werehauses	30,06	Werehauses	27,80
3	Production	15,57	Production	56,97
4	Services	23,73	Services	11,62

The activity of renting and providing utilities registered an increase compared to the previous year, as a result of the changes in the rates per square meter and the increasing changes in the rates for utilities. Compared to the previous year, the structure of spaces for rent for offices decreased, the share of spaces intended for providing services increased and those for production and storage remained relatively the same.

Eforturile Electromagnetica S.A. continue to offer quality services to tenants, with various facilities (on-site gym, canteen/grill, English garden with green spaces) and at competitive prices, under the conditions of a very competitive real estate market. In the Center-West area (of which we are a part) the supply of available spaces has increased from year to year and the tendency for storage and production spaces is to move to the outskirts of the city (taking into account the traffic restrictions)

4. HUMAN RESURCES :

The high level of training of the employees allowed the company to undertake both productive and research and development activities. In the first semester of 2023, the average number of employees was 360, down by approximately 2.2% compared to the previous year. The decrease was due to natural causes, namely the retirement of employees.

Among employees, 37% have higher education and 39% have secondary education. The company's staff follow a continuous professional training program, each employee benefiting from an average of 13 h/semester of professional training or internal and external training on quality, occupational health and safety, environment, etc.

No new cases of occupational diseases were registered. Relations between management and employees take place under normal conditions. The degree of unionization is approximately 57% and there have been no registered labor conflicts between the employer and the union. More information regarding the social and personnel policy, the occupational health and safety policy, the human rights compliance policy as well as the related risks and key performance indicators are available in the Non-Financial Statement of the Board of Directors for the year 2022 published on the company's website www.electromagnetica.ro.

5. MERGERS, LIQUIDATIONS OR REORGANISATIONS OF THE COMPANIES CONTROLLED BY ELECTROMAGNETICA IN THE 1ST SEMESTER 2023.

The group of firms of which Electromagnetica S.A. is the parent company is composed of Procetel SA, Electromagnetica Fire S.R.L. and Electromagnetica Prestserv S.R.L., which mainly represent outsourcing of services with the aim to streamline our activities.

There were no liquidations, mergers or reorganization inside the group in the 1st semester of 2023.

6. EVENTS WITH SIGNIFICANT IMPACT ON THE OPERATION OF THE COMPANY

6.1 INTERNAL EVENTS :

Reporting according to Law 24/2017 and Regulation 5/2018 of A.S.F.

PUBLICATION DATE	REFERENCE TO	DESCRIPTION
17.02.2023	Publication of preliminary financial results 2022	Preliminary financial results in English and Romanian, available at: www.bvb.ro symbol ELMA and www.electromagnetica.ro
20.02.2023	Meeting with the analysts	
21.03.2023	O.G.M.S. (Ordinary General Meeting of Shareholders) convening notice	The Ordinary General Meeting of Shareholders was convened for 27/28 April 2023. Publication of the convening notice, available at: www.bvb.ro and www.electromagnetica.ro
21.03.2023	2022 result distribution proposal	For the year 2022, a net profit to be distributed in the amount of 25,231,093 lei was approved: - The allocation from the net profit of a legal reserve in the amount of 1,401,865 lei was approved - The allocation from the net profit of the amount of 20,449,035 lei for "other reserves" was approved;

		- The allocation from the net profit of the amount of 3,380,194 lei for dividends was approved, respectively a gross dividend of 0.005 lei/share;
03.04.2023	Appointment of Executive Directors and approval of the G.M.S.	They were appointed: Mrs. Daniela Adi CUCU as Director, Legal Department, Human Resources and Investor Relations, as well as Ms. Monica-Antoaneta STANILA as Property Director
27.04.2023	O.G.M.S. procedings	
28.04.2023	Publication of 2022 Annual Report	Annual Report available at: www.bvb.ro ELMA symbol and www.electromagnetica.ro, also in E.S.E.F. type format
28.04.2023	Renunciation of mandate	Mr. Octavian Macovei renounces the mandate of Administrator and Executive Director, starting with 28.04.2023
04.05.2023	Appointment of Temporary Administrator	Mr. Mihail STOICA is appointed provisional administrator by the Board of Directors, with mandates starting on 28.05.2023 and until the general meeting of shareholders.
12.05.2023	Publication of Quarter 1 2023 Report	Publication of the Financial Results related to the First Quarter 2023 (available at: www.bvb.ro symbol ELMA and www.electromagnetica.ro)
19.05.2023	Request to convene E.G.M.S	S.I.F. OLTENIA S.A. (now Infinity Capital Investments S.A.) requests the convening of the extraordinary general meeting
31.05.2023	Dividends 2022	Publication of the Dividend Distribution Policy and the designated Paying Agent (CEC BANK SA). Materials available on: www.bvb.ro with ELMA symbol and www.electromagnetica.ro

6.2 EXTERNAL EVENTS :

The war in Ukraine and implicitly the import-export embargoes/bans vis a vis Russia continued to influence the production of plastics to an important extent, because one of the main clients of Electromagnetica S.A. in this segment, it had over 50% sales on the Russian market

7. CERTIFICARI DE PRODUSE. AUDITURI /EVALUARI :

Product certifications

The company's production complies with the requirements imposed by the following directives:

- H. G. no. 322/2013 regarding restrictions on the use of hazardous substances in electrical and electronic equipment;
- O.U.G. no. 5/2015 - regarding electrical and electronic equipment waste:
- H. G. no. 409/2016 regarding the establishment of the conditions for making low-voltage electrical equipment available on the market;
- H. G. no. 487/2016 - regarding electromagnetic compatibility;

In H1 of 2023, the existing certifications of the products from the manufacturing portfolio were maintained.

Audits / Evaluations

In the first semester of 2023, 2 external audits were carried out by various bodies, respectively 2 system audits/evaluations and 5 product manufacturing audits for certified products.

External system audits:

- supervisory audit of the Integrated Management System, led by **AEROQ**
- supervisory assessment 1 of the Photometric and Electromagnetic Compatibility Laboratory, ISO 17025, led by **RENAR.**

External product audits:

- 3 **ABB** product manufacturing supervision audits, conducted by different certification bodies for various countries (UL, IMQ, RINA);
- ENEC license EvoCity light fixture manufacturing supervision audit, led by **TUV RHEILAND**;
- supervision audit of the manufacture of EvoCity lighting fixtures ENEC+ license led by **TUV RHEILAND**;

All external audits were completed without major non-conformities.

The internal auditing activity was carried out according to the Audit Program for Semester 1 2023.

8. OVERALL EVALUATION ELEMENTS

Nr Crt	Specificatie	S1 2023	S1 2022
1	Total revenue (lei)	116,449,837	120,779,770
2	Total expenses (lei)	106,492,816	102,237,869
3	Gross profit (lei)	9,957,021	18,541,901
4	Net profit (lei)	8,430,014	17,882,175
5	Export (lei)	11,720,231	16,068,278
6	EBITDA margin	14.70 %	21.01 %
7	EBIT margin	9.54 %	16.52 %
8	Net profit ratio	8.55 %	14.81 %
9	Current liquidity	310.14 %	243.14 %
10	Capital solvency	85.47 %	83.92 %
11	ROE	2.16 %	4.74 %
12	Accounts receivable collection period (days)	152	124
13	Supplier payment period (days)	80	106
14	Average active employee headcount	360	379

9. SEPARATE FINANCIAL STATEMENT ON JUNE 30, 2023

(all amounts are expressed in lei, unless otherwise specified)

9.1 Separate statement of financial position

	June 30 2023	December 31 2022
ASSETS		
Fixed assets		
Property, plant and equipment	308,953,312	309,248,377
Investment property	16,573,349	16,573,349
Intangible assets	674,874	787,901
Investments in affiliated entities	841,908	841,908
Other non-current assets	7,435,013	9,920,728
Right of Use Assets	1,999,530	2,160,053
Total fixed assets	**336,477,985**	**339,532,316**
Current assets		
Inventories	20,573,291	20,209,997
Trade Recievables	82,187,698	76,173,055
Cash and cash equivalents	14,055,660	10,713,669
Other current assets	2,533,092	1,699,960
Current tax recievable	-	177,392
Total current assets	**119,349,741**	**108,974,073**
Total assets	**455,827,726**	**448,506,389**
EQUITY AND LIABILITIES		
Equity		
Share capital	67,603,870	67,603,870
Reserves and other equity items	216,566,079	196,462,928
Retained earnings	105,439,915	120,493,247
Total equity attributable to the shareholders of the company	**389,609,865**	**384,560,045**
Long-term liabilities		
Trade and other payables	671,184	700,176
Investment grants	3,839,042	3,920,651
Deferred tax liabilities	22,198,971	22,429,646
Leasing liabilities	1,026,409	1,299,749
Total long-term liabilities	**27,735,606**	**28,350,222**

9.1 Separate statement of financial position

Current liabilities		
Tade and other payables	35,462,924	32,339,773
Investment grants	163,219	163,219
Provisions	1,297,822	2,199,338
Current income tax liabilities	539,670	-
Leasing liabilities	1,018,620	893,792
Total current liabilities	**38,482,255**	**35,596,123**
Total liabilities	**66,217,861**	**63,946,345**
Total equity and liabilities	**455,827,726**	**448,506,389**

9.2. Separate statement of profit or loss

	Period of 6 months ended on June 30, 2023	Period of 6 months ended on June 30, 2022
Revenues	**106,760,023**	**109,580,001**
Investment income	679,097	506,252
Other net income and expenses	1,930,441	1,572,936
Change in the stock of finished products and production in progress	6,910,035	8,745,141
Activity performed by the entity and capitalized	755,319	442,649
Raw materials and consumables used	(53,636,476)	(63,781,110)
Employees costs	(20,456,514)	(17,360,450)
Depreciation and impairment expenses	(5,504,120)	(5,423,195)
Other expenses	(27,206,413)	(14,947,065)
Financial expenses	(274,372)	(793,257)
Profit before tax	**9,957,021**	**18,541,901**
Income tax	(1,527,007)	(659,726)
Net Profit	**8,430,014**	**17,882,175**

9.3. Cash –Flow :

	June30, 2023	June 30, 2022
Cash generated by/ (used in) the operating activity	5,215,901	10,417,605
Net Cash generated by/ (used in) in investment activities	(1,147,146)	473,388
Net cash generated by/ (used in) financing activities	(726,764)	(11,281,096)
Increase/(Decrease) net cash and cash equivalents	3,341,991	(390,104)
Cash and cash equivalents at the beggining of the period	10,713,669	2,923,410
Cash and cash equivalents at the end of the period	14,055,660	2,533,306

The credit lines were used to a very small extent, as of June 30, 2023, there were no withdrawals or amounts to be paid in the following period.

10. RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES. INFORMATION ON CONSOLIDATED PROFIT OR LOSS:

The group of companies within which Electromagnetica SA is the parent company includes Procetel SRL, Electromagnetica Fire SRL and Electromagnetica Prestserv SRL. Between Electromagnetica and the companies part of the group there are contracts in progress covering the provision of various services for the parent company (similar to the previous year), mainly outsourcing of monthly activities (fire prevention and extinguishing, cleaning). During the first semester of 2023, there were no changes in the shareholder structure of the controlled companies.

There are no significant transactions with related parties, within the meaning of Article 108 of Law no. 24/2017 regarding issuers of financial instruments and republished market operations. The companies controlled by Electromagnetica S.A. they have a reduced influence on the gross profit after consolidation, because the transactions they carry out are mostly with the parent company.

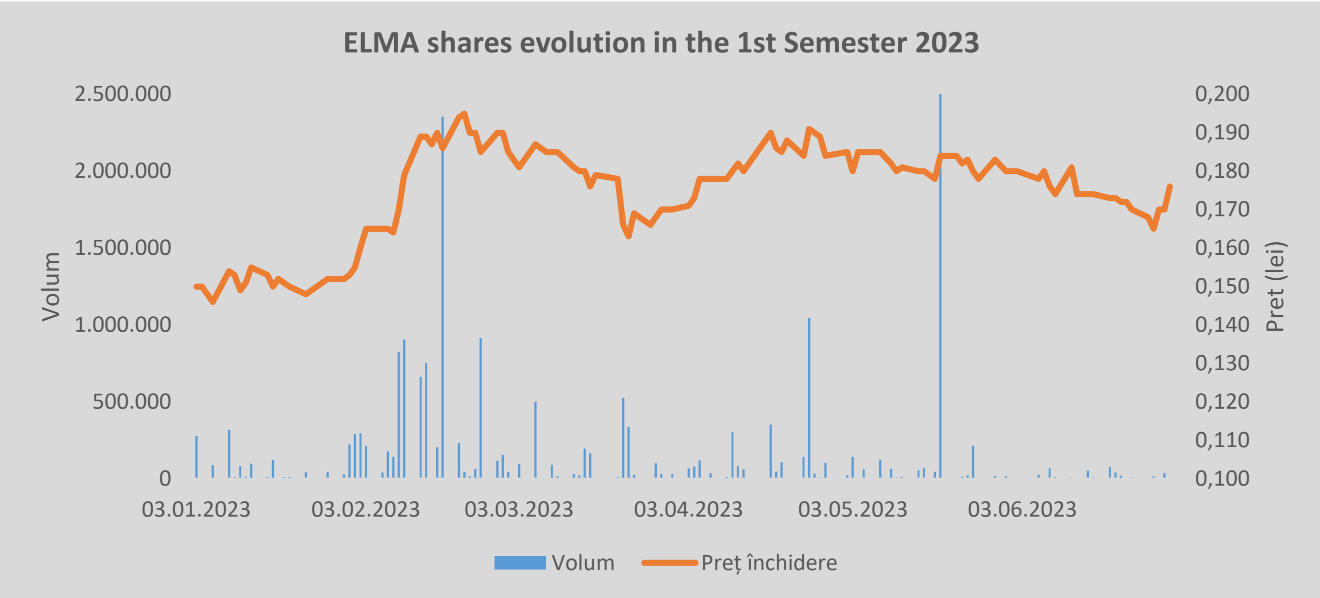
	Group	Parent Company	
	June 30, 2023	June 30, 2023	% of the Group
Fixed Assets	340,752,571	336,477,985	98.75 %
Currents assets	124,512,321	119,349,741	95.85 %
Equity distributable to shareholders	400,091,594	389,609,865	97.38 %
Long term liabilities	26,981,573	27,735,606	102.79 %
Current liabilities	37,832,184	38,482,255	101.72 %
Profit before tax	9,913,619	9,957,021	100.44 %
Net profit	8,353,495	8,430,014	100.92 %

11. PIATA VALORILOR MOBILIARE :

Electromagnetica is listed on the Bucharest Stock Exchange (BVB), for Premium Category, with the following trading characteristics:

Stock symbol: **ELMA**
Ordinary, nominative, dematerialized shares
Number of issued shares: **676,038,704**

Nominal value**: 0.1000 lei**
Share capital: **67,603,870.40 lei**
ISIN code **ROELMAACNOR2**
Code LEI: **254900MYW7D8IGEFRG38**
ELMA shares are included in the **BET Plus** stock index
VEKTOR score: **7.5 out of 10**



In H1 of 2023 there were traded shares representing 5 % of the total number of shares, adding up to for an average price of 0.1760 lei/share (compared to 0.1206 lei/share in H1 2022). The reference price varied between minimum 0.1460 lei/share and maximum 0.1950/share.

12. ACTIVITY WITHIN A.R.I.R. :

ELECTROMAGNETICA SA, a founding member of **A.R.I.R. – the Association for Relations with the Investors on the Romanian Stock Exchange**, participated actively in the meetings and conferences organized by this association (including the meetings with A.S.F.), with the aim to improve its communication with investors and to keep up with the legislative amendments anticipated in the capital market (European regulations and draft laws in Romania). Under the VEKTOR methodology, which quantifies the way of communication with investors, created by A.R.I.R. together with B.V.B. (Romanian Stock Exchange) our company has a score of 7.5

In the first part of the year, the focus was on the sustainable development strategy, also included in the non-financial reporting (ESG). Among the important events in which the company participated, we can mention the A.R.I.R. Forum (17.05.2023) organized by Grand Hotel Bucharest.

13. COMPANY BUSINESS PROSPECTS. RISKS AND UNCERTAINTIES:

In the 2nd Semester of 2023, three important projects related to the electricity supply of Electromagnetica Business Park will be carried out::

- Re-evaluation (and approval at A.N.R.E.) of the internal electricity distribution tariff (in collaboration with Tractebel Engineering S.A.)

- Starting an investment to achieve a power increase of 700 kW required by the operation of the tenants (whose power requirement has increased) . The Recording Authorisation for this investment has already been obtained.

- Completion of installation and PIF of solar panels on the roof of the building body, installed power 90 kW. This pilot project will contribute both to providing a part of the necessary energy for Electromagnetica Business Park from own and green/eco-friendly sources, as well as to exploring a new line of activity (providing solar panel installation services to third parties).

Regarding the risks, they were described in more detail in the Activity Report for 2022 published together with the 2022 Financial Situations: https://www.electromagnetica.ro/wp-content/uploads/2023/03/ELMA-_Situatii-financiare-separate-2022.pdf

We have not identified new risks or an increase in those mentioned. Electromagnetica S.A. will continue a prudential policy in the selection and evaluation of clients and collaborators by analyzing their creditworthiness, also using specialized platforms such as RISCO and COFACE.

14. FINANCIAL REPORTING CALENDAR FOR THE 2ND SEMESTER 2023 :

August 11, 2023: Presentation of the half-year report - financial results for the first semester of 2023
August 11, 2023: Meeting with analysts to present the half-year report
November 1, 2023: Presentation of the Quarterly Report – Q3 of 2023
November 13, 2023: Meeting with analysts to present the Q2 Report of 2023

More information about the activity of Electromagnetica S.A. including information of interest to investors is available on the company website www.electromagnetica.ro. Details about the social and personnel policy, the occupational health and safety policy, the environmental policy, the risks and the related key performance indicators are available in the Non-Financial Statement for the year 2022.

15. IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD:

15.1 On July 3, 2023, the E.G.M.S and O.M.G.S, through which a new member of the Board of Directors was elected until 18.10.2023, it was decided to reduce the number of members of the Board of Directors from 7 to 5 and these 5 were elected the new members of the Board of Directors starting from 18.10.2023. Details are available on:

https://bvb.ro/FinancialInstruments/SelectedData/NewsItem/ELMA-Hotarari-AGA-O-03-07-2023/A3051 respectively on https://www.electromagnetica.ro/wp-content/uploads/2023/07/Hotarare-AGOA-03.07.2023.pdf

15.2 On 02.08.2023 A.N.R.E. issued a new electricity supply license, on a period of 10 years.

President of the Board of Directors/C.E.O.
Eugen Scheusan

C.F.O.
Cristina Florea

ELECTROMAGNETICA S.A.

INTERIM SEMESTRIAL REPORT
FOR THE SIX MONTH PERIOD ENDED AT JUNE 30, 2023 (UNAUDITED)

Prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards adopted by the European Union

ELECTROMAGNETICA SA
SEPARATE STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTH PERIOD ENDED AS OF 30 JUNE 2023
(all amounts are expressed in RON, unless otherwise specified)

	Note	Period of 6 months ended on June 30 2023	Period of 6 months ended on June 30 2022
Revenues	**21**	**106,760,023**	**109,580,001**
Investment income		679,097	506,252
Other net income and expenses	**21**	1,930,441	1,572,936
Change in the stock of finished products and production in progress		6,910,035	8,745,141
Activity performed by the entity and capitalized		755,319	442,649
Raw materials and consumables used	**22**	(53,636,476)	(63,781,110)
Employees costs	**25**	(20,456,514)	(17,360,450)
Depreciation and impairment expenses	**22**	(5,504,120)	(5,423,195)
Other expenses	**22**	(27,206,413)	(14,947,065)
Financial expenses	**23**	(274,372)	(793,257)
Profit before tax		**9,957,021**	**18,541,901**
Income tax	**24**	(1,527,007)	(659,726)
Net Profit		**8,430,014**	**17,882,175**
Other elements of the other comprehensive income:			
Out of which:			
other comprehensive income which cannot be reclassified to the profit and loss account, showing separately:			
- the deferred tax related to the disposed fixed assets		-	-
Total Other Comprehensive Income		**8,430,014**	**17,882,175**
Earnings per share/Earning per share dilluted	**27**	**0.0125**	**0.0265**

These separate interim financial statements were approved for issuance by management on August 10, 2023:

EUGEN SCHEUŞAN
General Director

CRISTINA FLOREA
Chief Financial Officer

ELECTROMAGNETICA SA
SEPARATE INTERIM STATEMENT OF THE FINANCIAL POSITION
AS OF JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

	Note	June 30 2023	December 31 2022
ASSETS			
Fixed assets			
Property, plant and equipment	**5**	308,953,312	309,248,377
Investment property	**6**	16,573,349	16,573,349
Intangible assets	**7**	674,874	787,901
Investments in affiliated entities	**9**	841,908	841,908
Other non-current assets	**10**	7,435,013	9,920,728
Right of Use Assets	**8**	1,999,530	2,160,053
Total fixed assets		**336,477,985**	**339,532,316**
Current assets			
Inventories	**11**	20,573,291	20,209,997
Trade Recievables	**12**	82,187,698	76,173,055
Cash and cash equivalents	**14**	14,055,660	10,713,669
Other current assets	**13**	2,533,092	1,699,960
Current tax recievable	**24**	-	177,392
Total current assets		**119,349,741**	**108,974,073**
Total assets		**455,827,726**	**448,506,389**
EQUITY AND LIABILITIES			
Equity			
Share capital	**15**	67,603,870	67,603,870
Reserves and other equity items	**16**	216,566,079	196,462,928
Retained earnings	**17**	105,439,915	120,493,247
Total equity attributable to the shareholders of the company		**389,609,865**	**384,560,045**
Long-term liabilities			
Trade and other payables	**20**	671,184	700,176
Investment grants	**18**	3,839,042	3,920,651
Deferred tax liabilities	**24**	22,198,971	22,429,646
Leasing liabilities	**8**	1,026,409	1,299,749
Total long-term liabilities		**27,735,606**	**28,350,222**
Current liabilities			
Tade and other payables	**20**	35,462,924	32,339,773
Investment grants	**18**	163,219	163,219
Provisions	**19**	1,297,822	2,199,338
Current income tax liabilities	**24**	539,670	-
Leasing liabilities	**8**	1,018,620	893,792
Total current liabilities		**38,482,255**	**35,596,123**
Total liabilities		**66,217,861**	**63,946,345**
Total equity and liabilities		**455,827,726**	**448,506,389**

These separate financial statements were approved for issuance by management on August 10, 2023:

EUGEN SCHEUŞAN	**CRISTINA FLOREA**
General Director	**Chief Financial Officer**

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

	Note	Period of 6 months ended on June 30 2023	Period of 6 months ended on June 30 2022
Cash flows from the operating activities :			
Cash receipts from customers		111,002,585	100,909,079
Payments to suppliers		(61,040,138)	(65,117,457)
Payments to employees		(21,186,993)	(17,480,313)
Other operating operations		(22,517,464)	(7,422,923)
Cash generated by/ (used in) the operating activity		**6,257,990**	**10,888,386**
Interest paid		(1,469)	(470,782)
Profit tax paid		(1,040,620)	-
Net cash generated by/(used in) operating activities		**5,215,901**	**10,417,605**
Cash flows from investment activities:			
Purchase of property, plant and equipment		(1,846,411)	(66,221)
Proceeds from the sale of fixed assets		24,490	33,300
Interest received		182,462	13,995
Dividends received		492,313	492,313
Net Cash generated by/ (used in) investment activities		**(1,147,146)**	**473,388**
Cash flows from financing activities:			
Cash receipts from loans		1,964,851	26,036,515
Cash repayments of the amounts borrowed		(1,964,851)	(36,671,116)
Rent paid		(669,644)	(592,628)
Interest paid		(51,425)	(47,556)
Dividends paid		(5,695)	(6,311)
Net cash generated by/ (used in) financing activities		**(726,764)**	**(11,281,096)**
Increase/(Decrease) net cash and cash equivalents		**3,341,991**	**(390,104)**
Cash and cash equivalents at the beginning of the period	**14**	**10,713,669**	**2,923,410**
Cash and cash equivalents at the end of the period	**14**	**14,055,660**	**2,533,306**

These separate interim financial statements were approved for issuance by management on August 10, 2023:

EUGEN SCHEUŞAN
General Director

CRISTINA FLOREA
Chief Financial Officer

ELECTROMAGNETICA SA
SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 6-MONTH PERIOD ENDED AS OF 30 JUNE 2023
(all amounts are expressed in RON, unless otherwise specified)

	Share capital	Retained earnings	Reserves revaluation of tangible assets	Other elements	Lega Reserve	Deferred tax recognized in reserves	Total equity
Balance as at 01 January 2023	**67,603,870**	**120,493,248**	**149,935,370**	**57,975,275**	**12,541,942**	**(23,989,660)**	**384,560,045**
Global Comprehensive Income							
Profit or loss for the period	-	8,430,014	-	-	-	-	8,430,014
Other capital items:							
Establishment of legal reserve and other reserves	-	(1,401,865)	-	1,401,865	-	-	-
Transfer of the revaluation reserve to retained earnings as a result of depreciation and outflows of fixed assets	-	2,080,652	(2,080,652)	-	-	-	-
Transfer of deffer tax related to the transfer of revaluation reserve to retained earnings	-	(332,905)	-	-	-	332,905	
Transfer net profit to reserves	-	(20,449,034)	-	20,449,034	-	-	-
Other elements of the other comprehensive income	**-**	**(11,673,139)**	**(2,080,652)**	**21,850,899**	**-**	**332,905**	**8,430,014**
Transactions with shareholders, recorded directly in equity::							
Dividends distributed	-	(3,380,194)	-	-	-	-	(3,380,194)
Other elements	-	-	-	-	-	-	-
Balance at 30 June 2023	**67,603,870**	**105,439,915**	**147,854,719**	**79,826,174**	**12,541,942**	**(23,656,755)**	**389,609,865**

These interim separate financial statements were approved for issuance by management on August 10, 2023:

EUGEN SCHEUŞAN
General Director

CRISTINA FLOREA
Chief Financial Officer

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

	Share capital	Retained earnings	Reserves revaluation of tangible assets	Other elements	Lega Reserve	Deferred tax recognized in reserves	Total equity
Balance as at 01 January 2022	**67,603,870**	**75,584,806**	**154,178,085**	**66,840,830**	**19,789,854**	**(24,668,494)**	**359,328,951**
Global Comprehensive Income							
Profit or loss for the period	-	17,882,175	-	-	-	-	17,882,175
Other capital items:							
Establishment of legal reserve and other reserves	-	-	-	-	-	-	-
Transfer of the revaluation reserve to retained earnings as a result of depreciation and outflows of fixed assets	-	2,145,059	(2,145,059)	-	-	-	-
Transfer of deffer tax related to the transfer of revaluation reserve to retained earnings	-	(343,209)	-	-	-	343,209	
Transfer net profit to reserves	-	16,113,467	-	(7,463,590)	(8,649,877)	-	-
Other elements of the other comprehensive income	**-**	**35,797,491**	**(2,145,059)**	**(7,463,590)**	**(8,649,877)**	**343,209**	**17,882,175**
Transactions with shareholders, recorded directly in equity::							
Dividends distributed	-	-	-	-	-	-	-
Other elements	-	-	-	-	-	-	-
Balance at 30 June 2022	**67,603,870**	**111,382,298**	**152,033,026**	**59,377,240**	**11,139,977**	**(24,325,285)**	**377,211,127**

These interim separate financial statements were approved for issuance by management on August 10, 2023:

EUGEN SCHEUŞAN

General Director

CRISTINA FLOREA

Chief Financial Officer

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

1. GENERAL INFORMATION

ELECTROMAGNETICA S.A. is a company organized according to the Romanian legislation that was founded in 1930 and operates in several fields, the most important being:

- production in the field of energy efficiency;
- rental of office space, industrial spaces, land and utilities supply.
- electricity supply activity;
- the activity of electricity production from renewable sources (produced in small hydropower plants);

Electromagnetica's production processes and products have been certified in accordance with international standards for quality assurance. The main products are as follows:

- LED lighting systems
- electric car charging stations
- electrical and electronic subassemblies, automotive, etc.
- metal and plastic subassemblies
- railway traffic safety equipment

The headquarters of the Company is located in Calea Rahovei nr.266-268, sector 5, Bucharest.

Electromagnetica is listed on the Bucharest Stock Exchange (symbol ELMA). Prices per share can be analysed as follows

	H1 2023	H1 2022
- maximum price	0.1950	0.1410
- minimum price	0.1460	0.1010
- average price	0.1760	0.1206

The evolution of the average number of Electromagnetica employees was as follows:

	H1 2023	H1 2022
Average number of employees	360	379

2. BASIS OF PREPARATION

Declaration of conformity

The separate financial statements of the Company were prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") in force at the reporting date of the Company, respectively June 30, 2023 and in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016, for the approval of accounting regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications. These provisions correspond to the requirements of the International Financial Reporting Standards adopted by the European Union.

Financial statements as of 30 of June 2023 were not audited and were not subject to review by an external auditor.

These separate financial statements are prepared in accordance with IAS 34 – Interim financial report for the six-month period ended June 30, 2023. The company also prepares consolidated financial statements, as it holds investments in subsidiaries

The details of the Company's investments in subsidiaries as at June 30, 2023 are detailed in Note 26.

2. BASIS OF PREPARATION (continued)

Declaration of conformity (continued)

The details of the Company's investments in subsidiaries as at June 30, 2023 and December 31, 2022 are as follows:

Name of subsidiary	No. Titles	Percentage of holding and right to vote (%)	Value
Electromagnetica Prestserv LTD	300	100%	30,000
Electromagnetica Fire LTD	799	99.875%	79,900
Procetel Co.	42.483	96.548%	732,008
TOTAL			**841,908**

The financial statements are available on the website www.eletromagnetica.ro within the applicable legal term.

The principle of going concern

The financial statements were prepared based on the principle of going concern, which implies that the Company will be able to realize its assets and pay its liabilities under normal conditions of activity.

Climate change

When preparing the financial statements, the management took into account the impact of climate change. These considerations did not have a significant impact on the rationale and estimates used in financial reporting. They are also not expected to have a significant impact on the continuity of the activity in the next period.

The basics of drawing up

Separate financial statements have been prepared on the basis of historical cost, with the exception of certain financial instruments that are measured at fair value as explained in accounting policies. Historical cost is generally based on the fair value of consideration in exchange for assets.

Functional and presentation currency

These separate financial statements are presented in RON, which is the company's functional currency.

Foreign currency

Operations denominated in foreign currency are recorded in RON at the official exchange rate from the settlement date of the transaction. Monetary assets and liabilities recorded in foreign currency at the date of preparation of the statement of financial position are expressed in RON at the exchange rate of the respective day. Gains or losses on their settlement and on the conversion of monetary assets and liabilities denominated in foreign currency using the exchange rate at the end of the analysis period are recognised in the result of the financial year. Non-monetary assets and liabilities that are valued at historical cost in foreign currency are recorded in lei at the exchange rate from the transaction date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are recorded in RON at the rate on which the fair value was determined.

Conversion differences are shown in the profit or loss account.
The exchange rates at the end of the period of the main currencies were as follows:

	Exchange rate June 30, 2023	Exchange rate December 31, 2022	Exchange rate June 30, 2022
EUR exchange rate at the end of the period	4.9634	4.9474	4.9454
USD exchange rate at the end of the period	4.5750	4.6346	4.7424

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

3. APPLICATION OF NEW AND REVISED INTERNATIONAL REPORTING STANDARDS

New and amended IFRS Accounting Standards that are effective for the current year
In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard	Title
IFRS 17	New standard IFRS 17 “Insurance Contracts” including the June 2020 and December 2021 Amendments to IFRS 17
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective
At the date of authorisation of these financial statements, no new and revised IFRS Accounting Standards have been issued and adopted by the EU but are not yet effective.
New and revised IFRS Accounting Standards in issue but not adopted by the EU
At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at [date of authorisation of these financial statements]:

Standard	Title	EU adoption status
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules(IASB effective date: 1 January 2023*)	Not yet adopted by EU
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (IASB effective date: 1 January 2024)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 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 IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

** exception specified in amendments to IAS 12 (that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes) is applicable immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.*

The Company do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL REPORTING STANDARDS (continued)

APPENDIX: BRIEF DESCRIPTIONS OF NEW AND REVISED STANDARDS

• **IFRS 17 "Insurance Contracts"** issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while applied. Amendments to IFRS 17 "Insurance Contracts" issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.

• **Amendments to IFRS 16 "Leases"** - Lease Liability in a Sale and Leaseback issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

• **Amendments to IFRS 17 "Insurance contracts"** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

• **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.

• **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current issued by IASB on 23 January 2020 and Amendments to IAS 1 "Presentation of Financial Statements" - Non-current Liabilities with Covenants issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

• **Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures"** - Supplier Finance Arrangements issued by IASB on 25 May 2023. Amendments add disclosure requirements, and 'signposts' within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.

• **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.

• **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

• **Amendments to IAS 12 "Income Taxes" - International Tax Reform — Pillar Two Model Rules** issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

• **IFRS 14 "Regulatory Deferral Accounts"** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

• **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** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

4.1 Significant accounting policies

The main accounting policies are presented below:

Short-term classification versus long-term classification of assets and liabilities

The company presents its assets and liabilities in the statement of financial position as classified as short-term / long-term.

An asset is classified in the short term if:

- expects to capitalize on the asset, or intends to sell or use it during the normal operating cycle;
- it is mainly owned for trading purposes;
- expects to capitalize on the asset within 12 months after the reporting date; or
- the asset is cash or cash equivalents whose use is not restricted to be exchanged or used to settle a liability for a period of at least 12 months after the reporting period.

All other assets are classified as long-term (non-current assets).

A liability is classified in the short term (current) if:

- it is expected to be settled in the normal cycle of operation of the company;
- it is owned for the main purpose of being traded;
- is settled within 12 months after the reporting date;
- there is no unconditional right to postpone the settlement of the debt for at least 12 months after the reporting date.

The company classifies all other liabilities as long-term.

Fair value

Fair value is the price that could be received as a result of the sale of an asset or paid to transfer a liability in a transaction carried out in the normal course of activity between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction of sale of the asset or the transfer of the liability takes place either:

- on the main market of the asset and liability
- in the absence of a main market, on the most advantageous market for an asset or a liability.

The company values the fair value of an asset or liability on the basis of assumptions that market participants would use when pricing the asset or liability, assuming that participants act to achieve maximum economic benefit.

The fair value measurement of a non-financial asset takes into account the ability of market participants to generate economic benefits through the most intense and best use of the asset or by selling another market participant who in turn would give it the most intense and best use.

With regard to valuation techniques, they are appropriate taking into account the circumstances for which sufficient data is available for fair value measurement, maximising the use of observable inputs and minimising the use of unobservable inputs.

Fair value measurement establishes a fair value hierarchy that classifies inputs for measurement techniques used to measure fair value into three levels:

- Input data of **level 1** – are quoted prices (unadjusted) in active markets for identical assets and liabilities to which the entity has access at the measurement date. This data provides the most reliable evidence of fair value and should be used wherever available
- Input data of **level 2** – are inputs other than quoted prices included in Tier 1 that are observable directly or indirectly for the asset or liability (e.g. quoted prices for identical or similar assets or liabilities in markets that are not assets)

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1 Significant accounting policies (continued)

- Input data of **level 3** – are unobservable inputs for the asset or liability. The company must draw up unobservable input data on the basis of the best information available in the given circumstances which may include the company's own data.

The Company's Finance Department determines the procedures applicable to both recurring fair value measurements such as investment property, property, plant and equipment where the fair value model is adopted.

External valuers are involved in the valuation of property, plant and equipment and investment property; this involvement is determined annually by the finance department. The selection criteria shall include the market knowledge of the valuer, reputation, independence and compliance with professional standards.

Revenue from contracts with customers

Revenues from contracts with customers are recognized when control of goods and services is transferred to a value that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. In general, the Company concluded that it is the main beneficiary of the revenues because it controls the goods or services before transferring them to the customer.

The company also has long-term contracts with the municipalities that are paid in installments, these according to IFRS 15 have included a significant financing component.

More details can be found in Note 21 where the main revenue generating activities of the Company are presented.

Income from other sources

Income from other sources includes income from commodity transactions (especially energy) that fall within IFRS 9 Financial Instruments, as well as rental income.

The income from the space rental is recognized in the linear profit and loss account, for the duration of the lease.

Dividends and interest

Dividend income is recognised when the shareholder's right to receive payment is established. Dividend income is recorded at the gross amount that includes the dividend tax, which is recognised as a current expense during the period in which the distribution was approved.

Interest income is recognised on the basis of accrual accounting, by reference to the outstanding principal and the effective interest rate, that rate that exactly updates the expected future cash flows over the life of the financial instrument to the net carrying amount of the financial asset.

Leasing

The company as lessee

The company assesses whether a contract is or contains a rental clause at the beginning of the contract.
The company recognizes a right to use the asset and an appropriate leasing liability in relation to all lease agreements in which it is a lessee / user, except for short-term contracts (defined as leasing for a rental period of 12 months or less) and rentals of low-value assets (under 24,500 RON).

For these leases, the Company recognizes payments as linear operating expenses over the term of the leasing contract.
Electromagnetica frames as leasing contracts those aimed at renting spaces. Since the lease is made for periods of one year or more, they are treated as a unitary accountant by recognizing a right to use the asset and a leasing liability.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1 Significant accounting policies (continued)

Lease liability

At the start date of the leasing contract, the Company recognizes the leasing liabilities, valued at the present value with the interest borrowing rate of the leasing payments, during the lease term. Payments include fixed payments minus any incentives to be received, variable lease payments that depend on an index or rate, and amounts expected to be paid as a residual value.
The company uses interest borrowing rate from the information received from the financial-banking area.

The lease payments included in the measurement of the lease liability comprise the following payments relating to the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease:

a. fixed payments (including fixed payments in the fund) less any leasing incentives receivable;
b. variable lease payments that depend on an index or rate, initially measured on the basis of the index or rate at the start date of commencement
c. expected amounts due by the lessee on the basis of guarantees relating to the residual value;
d. the strike price of a purchase option if the lessee has a reasonable certainty that he will exercise the option); and
e. payments of penalties for terminating the lease, if the lease term reflects the lessee's exercise of an option to terminate the lease.

The leasing liability is presented as a separate line in the Statement of Financial Position.

The company revalues the lease liability by discounting the revised lease payments using a revised discount rate, if either:

a. there is a change in the lease term. The company determines the revised lease payments on the basis of a revised lease term;
b. a change occurs when measuring an option to buy the underlying asset, measured against the events and circumstances described in IFRS 16 in the context of a buy option.
c. The company determines the revised lease payments to reflect changes in amounts due under the purchase option.

The company revalues the liability arising from the lease by updating the revised lease payments in any of the following situations:

a. there is a change in the amounts expected to be due under the residual value guarantee. The company determines the revised lease payments to reflect the change in the amounts expected to be due under the residual value guarantee.
b. there is a change in future lease payments resulting from a change in an index or rate used to determine those payments, including, for example, a change that reflects changes in market rent rates as a result of a review of market rents in the market. The lessee shall reassess the liability arising from the lease to reflect those revised lease payments only when there is a change in cash flows (ie when the adjustment of the lease payments occurs). The company determines the revised lease payments for the remainder of the lease term on the basis of the revised contractual payments.

Right of use of assets

Rights of use of assets include the initial valuation of the corresponding leasing liability, leasing payments made on or before the start day, minus the leasing incentives received and any initial direct costs. Subsequently, they are evaluated on the basis of the cost minus the accumulated depreciation and impairment losses.

The rights of use are depreciated for the shortest period between the rental term and the useful life of the underlying asset, as follows:

Right of active use	Depreciation period (years)
Spaces	1-5
Means of transport	3-5

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1 Significant accounting policies (continued)

The company as lessor

The company concludes lease agreements as a lessor for the spaces in the buildings registered both as tangible assets and as real estate investments.

All leases are recognized as operational leasing.

Rental income from operating leases is recognised in a linear manner over the term of that lease.

The Company has determined, on the basis of an assessment of the terms and conditions of the agreements, such as the rental term that does not constitute a major part of the economic life of the property and on the basis of the present value of the minimum lease payments that do not amount to the fair value of the property, that it substantially retains all the risks and rewards of ownership of these properties and accounts for the contracts as an operating lease.

Borrowing costs

The costs of undrinkling shall consist of interest on loans that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised until the asset is ready for predetermined use or sale.

All other borrowing costs are recognised as expenses in the profit and loss account of the period in which they arise.

Interest charges shall be recorded using the effective interest method.

During the first semester of 2023 and the first semester of 2022, respectively, the Company did not capitalize interest expenses in the value of the assets, as it did not take out any loan for investments.

Employee benefits

Short-term benefits to employees include salaries, bonuses and social security contributions.
The company makes payments on behalf of its own employees to the pension system of the Romanian state, health insurance and unemployment fund, during the normal activity. All employees of the company are members and have the obligation to contribute to the pension system of the Romanian state. All related contributions are recognised in the profit and loss account of the period when they are made. The company has no additional obligations otherwise. The obligations with short-term benefits granted to employees are not updated and are recognized in profit and loss as the related service is provided.

The company is not employed in any independent pension system and therefore has no obligations whatsoever in this regard.

The company is not engaged in any other post-employment benefit system. The company has no obligations to provide subsequent services to former or current employees.

The company does not currently provide benefits in the form of employee participation in profit.

There is currently no plan under which the Company's obligation to provide benefits in the form of the entity's own shares (or other equity instruments) is required.

Taxation

Current corporate income tax
The current tax payable shall be determined on the basis of the taxable profit of the year. Tax profit is different from profit reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and also excludes items that will never become taxable or deductible. The company's current corporate tax liability is calculated using tax rates that were required by law or in a bill at the end of the year. Currently the tax rate is 16%.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1 Significant accounting policies (continued)

Deferred tax

The deferred tax is constituted by analyzing the temporary differences in assets and liabilities.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be obtained in the future after offsetting against the tax loss of previous years and the income tax to be recovered.
The tax loss carried forward is included in the calculation of the deferred income tax asset.
Currently, the tax losses generated by the Romanian companies can be recovered for a period of 7 years.

Deferred tax liabilities are generally recognised for all taxable temporary differences
Deferred income tax recievabls and liabilities are net disclosed if this right exists and when they relate to the same entity and if they are due to the same tax authority.

Current and deferred tax

The current and deferred tax are recognized in the Statement of Profit and Loss unless they refer to items that are recognized in Other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in Other comprehensive income, respectively equity.

Value Added Tax (VAT)

Incomes, expenses and assets are recognized net by VAT except for:

- the situation in which the tax related to the acquisition of an asset or the provision of a service is not recoverable from the tax authority, in which case the VAT is recognized as part of the acquisition cost of the asset or service, as the case may be;
- the situation in which the receivables and liabilities are recognized with the VAT included, when the net amount to be paid or recovered from the tax authority is included in receivables or debts in the Statement of financial position.

Property, plant and equipment

Property, plant and equipment are represented by land, buildings, technological equipment, appliances and installations, means of transport and others, initially recognized at the cost of acquisition or production.

The cost of the purchased property, plant and equipment is represented by the value of the consideration made for the acquisition of the respective assets as well as the value of other costs directly attributable to the bringing of the assets to the location and condition necessary for them to be able to operate in the manner desired by management.

The cost of self-constructed assets includes wage, material, indirect production costs and other costs directly attributable to bringing the assets to the current location and condition.

The company has opted to use for the valuation after the initial recognition of property, plant and equipment *the valuation model*

The land and buildings used in the production activity or for the supply of goods and services, or for administrative purposes are presented in the Statement of financial position at cost less cumulative depreciation and minus cumulative impairment losses.
If the cost of the land includes the costs of decommissioning, removal, restoration, these costs are depreciated for the period when benefits are obtained as a result of these costs.

Other property, plant and equipment (equipment, apparatus, installations) are valued at cost less cumulative depreciation and cumulative impairment loss.

Property, plant and equipment in progress to be used in production or administratively are valued at cost less cumulative impairment loss. These assets are classified in the appropriate categories of property, plant and equipment when they are finished or ready to be used for the purposes for which they were intended.
Depreciation also begins when assets are available for use. Land and buildings are separable assets and are accounted for separately even when acquired together.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1 Significant accounting policies (continued)

The land owned shall not be depreciated.

The residual value, the estimated useful life and the depreciation method shall be reviewed at the end of each reporting period, any modification of which shall be accounted for prospectively.

For all assets acquired as of January 1, 2015, the Company has opted to use as a depreciation method, the straight-line method that involves the systematic allocation of the amount of depreciation over the entire economic life of the assets.

The company's management estimated as adequate the following useful life spans for different categories of property, plant and equipment as follows:

Property, plant and equipment	**Duration (years)**
Construction	20 - 100
Technological equipment	5 - 12
Measuring, controlling and adjusting apparatus and installations	3 - 8
Means of transport	4 - 8
Furniture, office equipment, equipment for the protection of human and material values	8 - 15

An item of property, plant and equipment is no longer recognised as a result of the disposal or when future economic benefits are no longer expected from the continued use of the asset. Any gain or loss resulting from the disposal or disposal of an element of the property, plant and equipment is determined as the difference between the sales receipts and the net carrying amount of the asset and is recognized in the Statement of Profit and Loss on the date of derecognition.

Investment Property

The investment properties of the Company are initially valued at the cost that is made up of the acquisition price plus any directly attributable costs (professional fees for legal services, fees for the transfer of ownership, etc.).

After initial recognition, investment properties are recognised in the financial statements at fair value**.** Investment property is not depreciated, and gains or losses arising from changes in their fair value are included in the profit or loss of the period in which they occur

Intangible assets

Intangible assets acquired separately

Intangible assets with a finite life that are purchased separately are initially recognized at cost and are subsequently accounted for at cost less cumulative depreciation and impairment loss. Depreciation is linearly recognized over their useful life spans. The useful life span for this group of fixed assets is between 3 and 5 years. Their useful life and depreciation method are reviewed at the end of each reporting period, having the effect that any changes in estimates are accounted for on a prospective basis.

Intangible assets with an indefinite useful life that are purchased separately are accounted for at cost less cumulative impairment losses.

Intangible assets generated internally - research and development expenses

Expenses for research activities are recognized as such during the period in which they were carried out.

An internally generated property, plant and equipment, resulting from development (or from the stage of development of an internal project) is recognized if all the following criteria have been demonstrated:

- the technical feasibility necessary to complete the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and to use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1 Significant accounting policies (continued)

- the availability of adequate technical, financial and other resources to complete the development of the intangible asset and for its use or sale;
- the ability to credibly assess the costs attributable to the intangible asset during its development.

The value initially recognized for internally generated intangible assets represents the sum of the costs incurred from the date on which the intangible asset meets for the first time the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenses are recognized in profit and loss during the period in which they are made.

After the initial recognition, the internally generated intangible assets are incurred at cost less the cumulative depreciation and the cumulative impairment loss, on the same basis as the intangible assets acquired separately.

Derecognition of intangible assets
An intangible asset is derecognised upon disposal or when it is expected that no further benefit will be obtained from its use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net proceeds from the sale and the net carrying amount of the asset, are recognised in profit and loss when the asset is derecognised.

Depreciation of tangible and intangible assets

To determine whether a property, plant or equipment valued at cost is impaired, the company analyses according to IAS 36 to identify whether there are indications of impairment.

For intangible assets with an indefinite lifetime, the depreciation tests are performed annually. This is applicable even if there are no indications of impairment. Impairment tests are performed at the level of cash generating units that generate cash inflows largely independently of those coming from other assets or groups of assets.

For assets representing property, plant and equipment if there is an indication or when an annual impairment test is required the Company estimates the recoverable value of the asset as the highest of the fair value less its sale costs and its value of use.

In measuring the use value, the estimated future cash flows are discounted at present value using a discount rate that reflects current market valuations of the time value of money and the risks specific to the asset or cash-generating units.

If the net carrying amount of a cash-generating asset or unit exceeds its recoverable amount, the asset is considered to be impaired and an impairment loss is recognised to reduce the value of the asset to the level of its recoverable amount.

Impairment losses are recognized in the Statement of profit and loss at the line Depreciation and Impairment Expenses of or operating expenses.

If the reasons for the impairment are no longer applicable in a subsequent period, an impairment reversal is recognized in the Statement of Profit and Loss. The book value increased by the reversal of an impairment adjustment shall not exceed the carrying amount (net depreciation) that would have been determined if no impairment adjustment had been recognised in previous years.

Major maintenance and repairs

Capitalised costs of inspections and repairs are separate components of the corresponding assets or groups of assets. Capitalized costs and capitalized capital repairs are depreciated using the depreciation method for the underlying asset until the next repair.

The costs of major repair activities include the cost of replacing the assets or parts of the assets, the costs of inspection and the costs of capital repairs.

These costs are capitalized if an asset or part of an asset that has been depreciated separately is replaced and is likely to bring future economic benefits. If a part of the replaced asset has not been considered as a separate component and has therefore not been depreciated separately, the replacement value shall be used to estimate the net carrying amount of the replaced asset that is immediately discarded.

The inspection costs associated with major maintenance programs are capitalized and amortized until the next inspection.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1 Significant accounting policies (continued)

The costs of capital repair activities for small hydropower plants are also capitalized.
All other costs of current repairs and usual maintenance are recognised directly in the expenses.

Inventories

The company recognizes stocks those assets that are:

- held for sale in the ordinary course of business
- in the course of production for such a sale, or
- in the form of materials and other consumables to be used in the production process or for the provision of services

Inventories are shown at the lowest of cost and net realisable value. Net realisable value is estimated on the basis of the selling price of the normal activity, less the estimated costs for completion and sale.

The company uses for the determination of the cost at the discharge of the supplied materials the first in, first out method (FIFO). For finished products, the standard cost is used for ins and outs. At the end of each month, on the basis of the management accounting, the actual cost of the products obtained shall be determined.

For the inventories of raw materials and materials without movement or with slow movement, as well as for those of unsaleable finished products, adjustments are made based on management estimates. The postings and reversals of impairment adjustments to inventories shall be made on behalf of the profit and loss account.

Prepayments

Prepayments are amounts paid in advance usually for services that concern a period of up to one year or more. The part that targets the period of up to one year is reflected in the Statement of financial position in current assets. The portion that exceeds one year is reflected in non current assets.

Financial instruments

Initial recognition and measurement:

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and to a financial liability or equity instrument of another entity. Financial instruments are recognised on the balance sheet when the Company becomes a party to the contractual obligations of the instrument. The company determines the classification of its financial assets and liabilities at initial recognition.

For a financial asset to be classified and measured at amortised cost or fair value through comprehensive income, it shall give rise to cash flows that are exclusively payments of principal and interest on the outstanding principal amount. This assessment is called the SPPI test and is carried out at the instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. At the moment, the financial fixed assets held by the group are represented by receivables, guarantees. The business model used is to generate cash flows.
For assets measured at fair value, gains and losses will be recognised either in profit or loss or in comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company made an irrevocable choice at the time of the initial recognition to account for the equity investment at fair value through another comprehensive income (FVOCI).
A financial asset and a financial liability are cleared and the net amount is reported in the statement of financial position if, and only if, the Company has a legally enforceable right to set off amounts recognised and intends either to settle on a net basis or to realise the asset and extinguish the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1 Significant accounting policies (continued)

ii) Financial assets

The financial assets of the Company mainly include cash and cash equivalents, trade receivables and other receivables, equity investments and financial assets at fair value through profit or loss.

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed the obligation to pay in full the cash flows received, without significant delay, to a third party, under a "transfer" agreement; and either: (a) The company has transferred substantially all the risks and benefits of the asset; or (b) The company has neither transferred nor substantially withheld all the risks and benefits of the asset, but has transferred control of the asset.

Regular purchases and sales of financial assets are recognised on the transaction date, the date on which the Company undertakes to buy or sell the asset. Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Company has substantially transferred all risks and benefits related to ownership.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are easily convertible into cash and that are subject to insignificant risk of a change in value. Such an investment includes cash, cash balances with banks and short-term bank deposits with an initial maturity of three months or less.

Cash and cash equivalents are subject to impairment calculations, however, the amounts are insignificant because the amounts are held with reputable banks such as BCR.

Other financial assets at amortised costs

The company classifies its financial assets at amortised cost only if both criteria are met: the asset is held in a business model whose objective is to collect contractual cash flows, and contractual conditions give rise to cash flows that are exclusively payments of principal and interest. Interest income from financial assets is included in financial income using the effective interest rate method. Any gain or loss resulting from derecognition is recognised directly in profit or loss and presented in other expenses.

Trade receivables and other receivables

Trade receivables measured in accordance with IFRS 9 are amounts due to customers on products sold in the normal course of business. They are generally due for settlement within 60-120 days and therefore all are classified as current. Trade receivables are recognised initially at the amount of consideration in accordance with IFRS 15 that is unconditional, unless they contain significant financing components when recognised at fair value at the date of initial recognition. The company holds the commercial receivables with the objective of collecting the contractual cash flows and therefore subsequently values them at amortised cost using the effective interest method.

The company's commercial receivables do not contain any financing component. Therefore, the Company adopted the simplified approach in accordance with IFRS 9 and measured the provision for losses based on a provisioning matrix that relies on historical collection and default experience adjusted for prospective factors to estimate the provision at initial recognition and throughout the life of the receivable at an amount equal to ECL (Expected Credit Losses). The evaluation is carried out every six months and any change in the initial allowance will be recorded as a gain or loss in the profit and loss account. Expected credit losses over the lifetime of receivables as well as adjustment for specific losses recorded in the current year are classified as other expenses because the amounts were not significant.

Trade receivables and other receivables, together with the associated impairment adjustment, if any, are voided when there is no realistic prospect of future recovery and all warranties have been made or transferred to the Company. If collection is expected in more than one year, they are classified as non-current assets.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1 Significant accounting policies (continued)

Judgments and estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The company uses its reasoning to select a variety of methods (including the investee's performance, budget and annual plan, the external equity transactions of the investees and the value of the enterprise using future cash flows) and to make assumptions that are primarily based on the market conditions prevailing at the end. of each reporting period.

iii) Financial liabilities

The financial liabilities of the Company mainly comprise loans and loans bearing interest, trade payables and other payables.

A financial liability is derecognised when the obligation relating to the debt is extinguished, cancelled or expires. When an existing financial liability is replaced by another from the same creditor under substantially different conditions, or the terms of an existing liability are substantially altered, such an exchange or amendment is treated as a derecognition of the original debt and the recognition of a new debt. , and the difference between those carrying amounts is recognised in profit or loss.

Interest-bearing loans

All loans are initially recognised at the fair value of the consideration received, net of transaction costs, and are then measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that discounts exactly the estimated future cash payments over the expected lifetime of the financial liability or, where applicable, for a shorter period. The calculation shall take into account any discount on the acquisition and shall include transaction costs and fees that are an integral part of the effective interest rate.

Government subsidies

In accordance with IAS 20, government grants are recognised only when there is sufficient certainty that all conditions attached to their award will be met and that the grants will be received. Subsidies that meet these criteria are presented as liabilities and are systematically recognised in the profit and loss account over the useful life of the assets to which they relate.

Provisions

Provisions are recognised when the Company has a present obligation (legal or implied) as a result of a past event; it is likely that the Society will extinguish the obligation through a resource output incorporating economic benefits and a credible estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties related to the obligation. Where a provision is measured using the estimated cash flows to settle a current obligation, its carrying amount shall be the present value of those cash flows.

Provision for guarantees to customers it is constituted according to the estimates made by the management and the sales, technical and quality departments regarding the level of repair costs within the warranty period. The level of repair costs over the warranty period shall be determined as a percentage of the turnover of the reporting year.

Restructuring provisions

The implicit restructuring obligation arises where a company:

- it has a detailed official plan for restructuring in which to be highlighted: the activity or part of the activity to which it refers, the main locations affected, the location, the position and the approximate number of employees who will receive compensation for the termination of their activity, implicit expenses, the date on which the restructuring plan will be implemented
- generated a justified expectation to those affected that the restructuring will be carried out by starting the implementation of that restructuring plan or by communicating its main characteristics to those who will be affected by the restructuring process.

The restructuring provision shall include only direct expenditure linked to restructuring.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1 Significant accounting policies (continued)

Provisions for employee benefits

During the financial year, provisions for untaken holidays and other provisions according to employment contracts are recorded. When they are recognized as liabilities towards employees, the amount of provisions will be reversed through the corresponding income accounts.

The company does not recognize the provision for losses on asset operation.

Segment reporting

Taking into account that the Company's shares are traded on the Bucharest Stock Exchange and that it applies IFRS, it is presented in the annual financial statements as well as in the interim reports made according to the IAS 34- Interim Financial Reporting, information about business segments, their products and services and main customers.

According to *IFRS 8 - Business Segments*, a segment of activity is a component of an entity:

- who engages in business activities from which he can obtain income and from which he can bear expenses (including income related to transactions with other components of the same entity);
- the results of which are regularly examined by the entity's main operational decision-maker with a view to deciding on the allocation of resources by segment and evaluating its performance, and
- for which separate financial information is available.

Taking into account the criteria for identifying the business segments as well as the quantitative thresholds described in IFRS 8, the Company has identified the following business segments for which it presents the information separately:

- licensed activity – supply and production of electricity.
- unlicensed activity – industrial production and space rental.

Dividends

Dividends are recorded as liabilities in the financial statements of the Company during the period in which they are approved by the shareholders of the Company and are reflected accordingly by the decrease of the capital.

4.2 Accounting judgments, estimates and assumptions

Separate financial statements have been prepared on the basis of historical cost, with the exception of certain financial instruments that are measured at fair value as explained in accounting policies. Historical cost is generally based on the fair value of consideration in exchange for assets.

The preparation of financial statements in accordance with IFRS adopted by the European Union requires management to use estimates and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses.

The associated estimates and judgments are based on historical data and other factors considered to be eloquent in the given circumstances, and the result of these factors forms the basis of the judgments used in determining the carrying amount of assets and liabilities for which there are no other sources of valuation available. Actual results may differ from estimated values.

Estimates and judgments are reviewed periodically. Revisions of accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the current period and in future periods, if the revision affects both the current and future periods.

Is the effect of the change related to the current period it is recognised as income or expense in the current period. If any, the effect on future periods is recognised as income or expense in those future periods.

The company's management considers that any differences from these estimates will not have a significant influence on the financial statements in the near future, for each estimate being applied the principle of prudence.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Accounting judgments, estimates and assumptions (continued)

Estimates and assumptions are used mainly for impairment adjustments of fixed assets, for the estimation of fixed assets useful life, for impairment adjustments of receivables, for provisions, for the recognition of deferred tax assets.

In accordance with IAS 36, intangible assets are analysed to identify whether they present impairment indications at the balance sheet date. If the net carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised to reduce the net carrying amount of that asset to the level of its recoverable amount. If the reasons for recognizing the impairment loss disappear in the following periods, the net carrying amount of the asset is increased to the level of the net carrying amount, which would have been determined if no impairment loss had been recognised.

For non-moving or slow-moving inventories, adjustments are made based on management estimates. The postings and reversals of adjustments for the impairment of inventories shall be made quarterly on the reporting data on behalf of the profit and loss account as follows: for non-moving stocks 50% of the total value and for those with slow movement 25%.

Property, plant and equipment are presented at revalued amounts in accordance with IAS 16 and investment property at fair value in accordance with IAS 40.

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

5. PROPERTY, PLANT AND EQUIPMENT

Cost	**Land and land improvements**	**Constructions**	**Technological equipment and vehicles**	**Other property, plant and equipment**	**Property, plant and equipment in progress**	**Advances for property, plant and equipment**	**Total**
As at 31 December 2022	**170,255,649**	**130,589,322**	**24,288,342**	**2,621,885**	**2,998,477**	**118,354**	**330,872,029**
Inflows, out of which:	-	2,736,958	1,128,836	40,797	4,222,656	256,523	8,385,770
transfers		2,736,958	1,128,836	40,797			3,906,591
Outflows, out of which:	-	-	(81)	(21)	(3,971,301)	-	(3,972,403)
transfers	-	-	-		(3,906,591)		(3,906,591)
determination of the net value for revaluation	-	-	-		-	-	-
As at 30 June 2023	**170,255,649**	**133,326,280**	**25,417,097**	**2,662,661**	**3,249,832**	**374,877**	**335,286,396**

Cumulative depreciation	**Land and land improvements**	**Constructions**	**Technological equipment and vehicles**	**Other property, plant and equipment**	**Property, plant and equipment in progress**	**Advances for property, plant and equipment**	**Total**
As at 31 December 2022	**(143,342)**	**(5,540,942)**	**(11,235,373)**	**(574,181)**	**-**	**-**	**(17,493,838)**
Depreciation of the period	(29,734)	(2,764,094)	(1,656,334)	(259,276)	-	-	(4,709,438)
Accumulated depreciation for outflows, out of which:	-	-	5	1	-	-	6
Net value from revaluation							-
As at 30 June 2023	**(173,076)**	**(8,305,036)**	**(12,891,702)**	**(833,456)**	**-**	**-**	**(22,203,270)**

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment adjustments	**Land and land improvements**	**Constructions**	**Technological equipment and vehicles**	**Other property, plant and equipment**	**Property, plant and equipment in progress**	**Advances for property, plant and equipment**	**Total**
As at 31 December 2022	**(4,129,814)**	**-**	**-**	**-**	**-**	**-**	**(4,129,814)**
Impairment adjustments recognized in profit and	-	-	-	-	-		-
Reversals of impairment adjustments recognized in profit or loss	-	-	-	-			-
As at 30 June 2023	**(4,129,814)**	**-**	**-**	**-**	**-**	**-**	**(4,129,814)**
Net book value							
As at 31 December 2022	**165,982,493**	**125,048,380**	**13,052,969**	**2,047,704**	**2,998,477**	**118,354**	**309,248,377**
As at 30 June 2023	**165,952,759**	**125,021,244**	**12,525,395**	**1,829,205**	**3,249,832**	**374,877**	**308,953,312**

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Cost	Land and land improvements	Constructions	Technological equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Advances for property, plant and equipment	Total
As at 31 December 2021	**170,255,649**	**130,458,996**	**22,956,235**	**2,576,713**	**1,295,318**	**-**	**327,542,911**
Inflows, out of which:	-	130,326	467,107	28,492	586,829	-	1,212,754
transfers							
Outflows, out of which:	-	-	(15,370)	(779)	(866,190)	-	(882,339)
transfers	-	-	-				-
determination of the net value for revaluation	-	-	-				
As at 30 June 2022	**170,255,649**	**130,589,322**	**23,407,972**	**2,604,426**	**1,015,957**	**-**	**327,873,326**

Cumulative depreciation	Land and land improvements	Constructions	Technological equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Advances for property, plant and equipment	Total
As at 31 December 2021	**83,874**	**-**	**7,900,537**	**-**	**-**	**-**	**7,984,411**
Depreciation of the period	29,734	2,767,469	1,699,622	297,607	-	-	4,794,432
Accumulated depreciation for outflows, out of which:	-	-	(1,414)	(670)	-	-	(2,084)
Net value from revaluation							-
As at 30 June 2022	**113,608**	**2,767,469**	**9,598,745**	**296,937**	**-**	**-**	**12,776,759**

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment adjustments	Land and land improvements	Constructions	Technological equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Advances for property, plant and equipment	Total
As at 31 December 2021	-	-	-	-	-	-	-
Impairment adjustments recognized in profit and	-	-	-	-	-		-
Reversals of impairment adjustments recognized in profit or loss	-	-	-	-			
As at 30 June 2022	-	-	-	-	-	-	-
Net book value							
As at 31 December 2021	**170,171,775**	**130,458,996**	**15,055,698**	**2,576,713**	**1,295,318**	**-**	**319,558,500**
As at 30 June 2022	**170,142,041**	**127,821,853**	**13,809,227**	**2,307,489**	**1,015,957**	**-**	**315,096,567**

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

On June 30, 2023, property plant and equipment decreased by 1% compared to December 31, 2022, mainly as a result of annual depreciation.
Property, pland and equipment entries are represented by the modernization of the company's headquarters and owned buildings and the purchase of technological equipment.
Outflows of property plant and equipment are scraps.

In order to warrant the guarantee agreements and credit agreements signed with the financing banks, the company has mortgaged the following assets in favor of the respective banks, as follows:

Name of assets	Carrying amount Juner 30 2023	Carrying amount December 31 2022
- Buildings (cadastral lots no. 13,15) Calea Rahovei, nr. 266-268, 5th District, Bucharest	33,648,425	34,034,181
- Building and land cadastral no 232634 Calea Rahovei, 266-268, 5th District, Bucharest	7,405,452	7,405,505
- Buildings (cadastral lots no. 1-3,9,10,16,18,19,21,23-26) Calea Rahovei, 266-268, 5th District, Bucharest	58,757,212	58,743,414
- Land Calea Rahovei, nr. 242 = 2.157 mp	5,902,198	5,902,198
- MHPP's (land + industrial and urban constructions)	45,814,878	44,131,098

Within the property, plant and equipment are included assets acquired through government subsidy and used in the licensed activity at one of the small hydropower plants located in the commune of Brodina Suceava County. The remaining value of the investment as of June 30, 2023 is RON 9,408,776, out of which the subsidized value RON 4,002,261. The remaining value of the investment as of December 31, 2022 was RON 9,533,641, out of which the subsidized value RON 4,083,870.

Fair value of property, plant and equipment

The company's tangible assets, represented by land, buildings, equipment and vehicles, are presented in the financial statements at the revalued value, this representing the fair value at the valuation date, less the accumulated depreciation and impairment adjustments.

The last revaluation was carried out on 31st December 2021, being carried out by an authorized valuer.

This method is recommended for properties, when there is sufficient and reliable data on transactions or offers for sale with similar properties in the area. The analysis of the prices at which the transactions were made or of the prices requested or offered for the comparable properties is followed by the performance of corrections of their prices, in order to quantify the differences between the prices paid, demanded or offered, caused by the differences between the specific characteristics of each property, called comparison elements.

Fair value hierarchy information as at June 30, 2023 and December 31, 2022:

	Level 1	Level 2	Level 3	Fair value at June 30 2023
Land and land improvements	-	-	165,952,759	165,952,759
Constructions	-	-	125,021,244	125,021,244

	Level 1	Level 2	Level 3	Fair value at December 31 2022
Land and land improvements	-	-	165,982,493	165,982,493
Constructions	-	-	125,048,380	125,048,380

There were no transfers between fair value levels during both first semester of 2023 and first semester of 2022.

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

6. INVESTMENT PROPERTY

The company owns real estate used entirely for rent. All lease agreements shall provide for an initial period of at least one year. Subsequent extensions are negotiated with the tenants. The obligations of the parties relating to repairs, maintenance and improvements are set out in the contracts concluded.

These properties are recognised in accordance with IAS 40 as real estate investment. For the presentation of real estate investments in the financial statements, the Company chose the fair value model.

As of June 30, 2023, the investment properties are as follows:

	H1 2023	2022
Opening balance	**16,573,349**	**14,649,783**
Additions out of which:	-	1,944,806
from fair value measurement	-	1,720,775
Transfers	-	224,031
Disposals out of which:	-	(21,240)
from fair value measurement	-	(21,240)
Transfers	-	-
Closing balance	**16,573,349**	**16,573,349**

The incomes related to the investment properties obtained in the first half of 2023 are worth RON 1,922,170 and cover the expenses incurred by the owner (H1 2022: RON 1,479,527).

The company also owns other rented spaces within buildings used in common with other activities. They are not classified as investment properties because the share of rental income in total income is insignificant. Also, in most situations these spaces cannot be managed separately.

There are no restrictions imposed on the degree of realization of real estate investments or on the transfer of income and proceeds from the sale.

Fair value hierarchy information as at June 30, 2023 and December 31, 2022:

	Level 1	Level 2	Level 3	Fair value at June 30 2023
Investment Property	-	-	16,573,349	16,573,349

	Level 1	Level 2	Level 3	Fair value at December 31 2022
Investment Property	-	-	16,573,349	16,573,349

7. INTANGIBLE ASSETS

Intangible assets include software, licenses and various software. They are depreciated by the linear method.
In the statement of financial position are presented at historical cost, less depreciation and any adjustments in value.
Intangible assets have declined mainly due to the amortization of some licenses.
For most intangible assets, useful life spans have been estimated at 3 years.

The situation of intangible assets as at 30 of June 2023 is as follows:

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

7. INTANGIBLE ASSETS (continued)

Cost	**Licenses, patent, concessions**	**Other intangible assets**	**Intangible assets under construction**	**Total**
As at 31 December 2022	**1,233,088**	**3,395,731**	**-**	**4,628,820**
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
As at 30 June 2023	**1,233,088**	**3,395,731**	**-**	**4,628,820**
Cumulative depreciation				
As at 31 December 2022	**(1,196,633)**	**(2,644,286)**	**-**	**(3,840,919)**
Depreciation of the period	(15,013)	(98,015)	-	(113,028)
Cumulative depreciation related to disaposals	-	-	-	-
As at 30 June 2023	**(1,211,646)**	**(2,742,301)**	**-**	**(3,953,947)**
Net book value				
As at 31 December 2022	**36,455**	**751,445**	**-**	**787,901**
As at 30 June 2023	**21,442**	**653,430**	**-**	**674,874**

Cost	**Licenses, patent, concessions**	**Other intangible assets**	**Intangible assets under construction**	**Total**
As at 31 December 2021	**1,233,088**	**2,611,616**	**-**	**3,844,704**
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
As at 30 June 2022	**1,233,088**	**2,611,616**	**-**	**3,844,704**
Cumulative depreciation				
As at 31 December 2021	**(1,091,491)**	**(2,611,615)**	**-**	**(3,703,106)**
Depreciation of the period	(57,656)	-	-	(57,656)
Cumulative depreciation related to disaposals	-	-	-	-
As at 30 June 2022	**(1,149,147)**	**(2,611,615)**	**-**	**(3,760,762)**
Net book value				
As at 31 December 2021	**141,598**	**-**	**-**	**141,598**
As at 30 June 2022	**83,942**	**-**	**-**	**83,942**

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

8. RIGHT OF USE ASSETS

	Buildings	Vehicles	Total
Cost			
As at 31 December 2022	**2,623,612**	**230,821**	**2,854,433**
Additions	684,459	23,068	707,527
Disposals	(309,063)	-	(309,063)
Transfers	-	-	-
As at 30 June 2023	**2,999,007**	**253,889**	**3,252,895**
Cumulative depreciation			
As at 31 December 2022	**(618,849)**	**(75,530)**	(694,379)
Depreciation of the period	(624,599)	(48,614)	(673,213)
Cumulative depreciation related to disaposals	114,226	-	114,226
As at 30 June 2023	**(1,129,222)**	**(124,144)**	**(1,253,366)**
Net book value			
As at 31 December 2022	**2,004,763**	**155,291**	**2,160,053**
As at 30 June 2023	**1,869,785**	**129,745**	**1,999,530**

The following amounts were recognized in the profit and loss account:

	H1 2023	H1 2022
Depreciation expense related to the rights of use of the rented assets	681,655	571,108
Interest on leasing liabilities	51,505	47,621
Expenses related to small-value leasing contracts.	4,279	2,219
Total amounts recognized in the profit and loss account	**737,439**	**620,947**

As of June 30, 2023, leasing liabilities amounting to RON 2,045,029 related to operational leasing contracts, of which short-term leases amounting to RON 1,018,620 and long-term leases amounting to RON 1,026,409.

As at 31 December 2022, the value was RON 2,193,541 (RON 893,792 short term and RON 1,299,749 long term).

9. INVESTMENTS IN AFFILIATED ENTITIES

As of June 30, 2023, the investments held in affiliated entities in the amount of RON 841,908 are presented at cost.

None of the companies in which these investments are held are listed on the securities market. Holdings are valued at cost and tested for annual depreciation. To establish this, management uses a number of judgements and considers, among other factors, the duration and extent to which the value at the reporting date of the investment is lower than its cost; the financial health and short-term perspective of the affiliated entity, technological changes and operational and financing cash flows.

The company's investments in subsidiaries remained unchanged during the reporting period, on June 30, 2023 compared to the end of 2022, being:

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

9. INVESTMENTS IN AFFILIATED ENTITIES (continued)

Name of subsidiary	No. titles	Percentage of holding and voting right (%)	Value
Electromagnetica Prestserv LTD	300	100%	30,000
Electromagnetica Fire LTD	799	99.875%	79,900
Procetel Co.	42,483	96.548%	732,008
TOTAL			**841,908**

These companies are part of the consolidated financial statements.

10. OTHER FIXED ASSETS

	June 30 2023	December 31 2022
Performance guarantees granted to customers	2,292,413	2,864,813
Long-term receivables	5,874,760	8,033,108
Impairment adjustments for long-term recievables*	(754,248)	(1,010,831)
Other non-current assets	22,087	33,637
Total	**7,435,013**	**9,920,728**

* The long-term outstanding receivables in net value of RON 5,120,513 as of June 30, 2023, have been discounted at the present value and the effect of time value was worth RON 754,248. The current portion is recognized in trade receivables (Note 12).

11. INVENTORIES

	June 30 2023	December 31 2022
Raw materials	10,419,662	8,349,443
Consumables	2,540,377	2,613,535
Finished products	4,466,880	5,432,527
Work in progress	4,659,657	3,436,021
Other inventories	1,067,854	2,708,816
Adjustments for inventories impairment	(2,581,139)	(2,330,345)
Total	**20,573,291**	**20,209,997**

Other stocks include inventory items, finished products or materials in custody of third parties and advances paid to suppliers of goods.

The movement in inventory impairment allowance is as follows:

	H1 2023	2022
Balance at the beginning of the period	**(2,330,345)**	**(2,272,135)**
Impairment adjustment (expense)	(418,885)	(738,278)
Impairment adjustment reversal	168,091	680,068
End-of-period balance	**(2,581,139)**	**(2,330,345)**

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

11. INVENTORIES (continued)

The adjustments recorded during the reporting period relate to raw materials and materials without movement or slow moving and finished products without movement.

The company has no pledged inventories.

12. TRADE RECEIVABLES

	June 30 2023	December 31 2022
Trade receivables from Romania	79,638,518	73,639,089
Trade recieveables from abroad	6,212,504	6,255,673
Impairment allowances for trade recievables	(3,663,325)	(3,721,707)
Net Trade Receivables	**82,187,698**	**76,173,055**

The increase in trade receivables on June 30, 2023 compared to December 31, 2022 was due to some of thecontracts related to the state authorities which are not cashed in due time.

The movement within the impairment adjustments for trade receivables is as follows:

	H1 2023	2022
Opening balance	**(3,721,707)**	**(3,589,909)**
Allowance for recievables	(245,668)	(405,766)
Reversal of allowance for recievables	304,050	273,968
Closing balance	**(3,663,325)**	**(3,721,707)**

A part of the Company's receivables RON 10,019,920 at June 30, 2023 and RON 10,313,308 at 31 December, 2022 are pledged to guarantee the loans obtained from banks.

13. OTHER CURRENT ASSETS

	June 30 2023	December 31 2022
Debtors	31,440	41,436
Prepayments	1,676,164	868,718
Advances to suppliers	158,975	151,759
Other current assets	666,514	638,047
Total	**2,533,092**	**1,699,960**

The Prepayments in the amount of RON 1,676,164 represents mainly rents paid in advance, insurance costs and various subscriptions.

In *Other current assets are* included mainly non-due VAT in the amount of RON 139,320 and amounts to be recovered from social health insurance in the amount of RON 392,108.

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

14. CASH AND CASH EQUIVALENTS

	June 30 2023	December 31 2022
Petty cash	18,317	18,536
Cash at banks	14,036,389	10,692,777
Cash equivalents	954	2,356
Total	**14,055,660**	**10,713,669**

	June 30 2023	December 31 2022
Restricted cash	90,000	90,000
Total	**90,000**	**90,000**

Restricted cash is used to guarantee obligations (collateral cash).

15. SHARE CAPITAL

Share capital subscribed and paid up is worth 67,603,870 lei, composed of 676,038,704 shares with a nominal value of 0.10 lei/share, fully paid up.

The structure of shareholders holding over 10% of the share capital as of June 30, 2023 is as follows, according to the Central Depository Register:

	June 30, 2023		December 31, 2022	
Shareholder	**No. Of shares**	**%**	**No. Of shares**	**%**
PAS Association	163.074.260	24,1220	163,074,260	24.1220
Infinity Capital Investments Co.	190.381.673	28.1614	190,381,673	28.1614
Individuals	245.238.050	36.2757	247,173,583	36.5620
Legal persons	77,344,721	11.4409	75,409,188	11.1546
Total	**676,038,704**	**100**	**676,038,704**	**100**

None of the shareholders has control over the relationship with the Company.

The company does not hold bonds, redeemable shares or other portfolio securities.

16. RESERVES

Legal reserve

	H1 2023	2022
Balance at the beginning of the period	**12,541,942**	**19,789,854**
Increases	-	1,401,865
Decreases	-	(8,649,877)
Balance at the end of the period*	**12,541,942**	**12,541,942**

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

16. RESERVES (continued)

*According to the Romanian legislation, companies must distribute an amount equal to at least 5% of the profit before tax, in legal reserves, until they reach 20% of the share capital. When this level has been reached, the company may make additional allocations only from the net profit. The legal reserve is deductible up to a rate of 5% applied to the accounting profit, before determining the corporate tax.

During the reporting period no legal reserve was registered

Net revaluation reserves are in amount of RON 124,197,963 as of June 30, Compared to the balance of the beginning of the period, they decreased and were transferred to the retained earnings as the depreciation of the revalued fixed assets was recognised.

	H1 2023	2022
Balance at the beginning of the period	**125,945,711**	**129,509,591**
Increases	-	-
Decreases	(1,747,748)	(3,563,879)
End-of-period balance	**124,197,963**	**125,945,711**

The company registers on June 30, 2023 *other reserves and equity items* amounting to RON 79,826,174, out of which own sources of financing represent 98%.

	HI 2023	2022
Balance at the beginning of the period	**57,975,275**	**66,840,830**
Increases	21,850,899	-
Decreases	-	(8,865,555)
End-of-period balance	**79,826,174**	**57,975,275**

During The Ordinary General Assembly of Shareholders of April 28, 2023, it was approved the 2022 profit distribution Ron 3,380,194 to dividends and RON 20,449,034 to other reserves (own financing resources).

17. RETAINED EARNINGS

On June 30, 2023, the carried forward result has the value of RON 105,439,915. The final balance was influenced by the transfer of net revaluation reserves related to depreciated or decommissioned assets was RON 1,747,748, the profit recorded in the first semester of 2023 (RON 8,430,014i) and the distribution of the previous year's result according to the AGOA decision of April 28, 2023 (RON 20,449,034 as other reserves, RON 1,401,865 as legal reserves and RON 3,380,194 as dividends).

18. INVESTMENT SUBSIDIES

	Total	under one year	over a year
Investment grants at 30 June 2023	4,002,261	163,219	3,839,042

	Total	under one year	over a year
Investment grants at 31 December 2022	4,083,869	163,219	3,920,651

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

18. INVESTMENT SUBSIDIES (continued)

In 2012, the company benefited from an investment subsidy of 5,997,788 lei granted for the modernization of the small hydropower plant from Brodina 2 (Suceava), which is transferred to income simultaneously with the registration of the depreciation of the fixed assets purchased within this project. The net book value of the fixed assets acquired through this subsidy are presented in Note 5.

19. PROVISIONS

Name	Balance 01.01.2023	INs (creation)	OUTs (reversals)	Balance 30.06.2023
Provisions for performance guarantees to customers	775,000	-	-	775,000
Provisions for risks and charges	31,440	-	-	31,440
Provision for employee benefits	1,392,898	2,136	(903,652)	491,382
TOTAL	**2,199,338**	**2,136**	(903,652)	**1,297,822**

The company has concluded contracts for the delivery of lighting fixtures with warranty clause for long periods, respectively 2 to 4 years. The contracts do not provide for a percentage or an amount for the performance guarantee, the provision for which shall be calculated on the basis of the analysis of the history of the costs incurred with the products within the guarantee period.

The provision for employee benefits refers to the amount of holidays not taken in the previous year.

20. TRADE AND OTHER PAYABLES

	June 30 2023	December 31 2022
Current trade payables		
Domestic trade payables	5,778,660	8,525,340
External trade payables	6,003,124	4,974,114
Accruals	5,995,492	3,519,791
Other current payables		
Advances received from customers	2,369,939	3,180,259
Salaries and social security payables	3,253,577	3,191,617
Accrued income	420,881	37,547
Other payables	11,641,252	8,911,105
Total trade and other payables	**35,462,924**	**32,339,773**

The liabilities are recorded at face value and are recorded in the analytical accounts for each natural or legal person. Foreign currency liabilities were assessed on the basis of the exchange rate in force at the end of the year and exchange differences were recognised as income or expense of the period.

The company does not register significant outstanding liabilities.
The company does not register overdue payments to employees and to the state budget, the amounts presented represent payables related to June 2023 and with due date of July 2023.

The company does not have long-term loans taken out as of June 30, 2023.
The company has approved several credit agreements (overdrafts) as of June 30, 2023, the balance of the withdrawn amounts being 0.
Other liabilities are made up of guarantees received from tenants, VAT payable, other taxes and duties.

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

20. TRADE AND OTHER PAYABLES (continued)

The guarantees received from tenants and those withheld from suppliers on June 30, 2023 are amounting to RON 3,637,175 and will be settled according to the contractual clauses.

	Total	**Under one year**	**Exeeds one year**
Guarantees received as at 30 June 2023	3,637,175	2,965,991	671,184

	Total	**Under one year**	**Exeeds one year**
Guarantees received as at 31 December 2022	3,613,757	2,913,580	700,176

Leasing liabilities are presented in current and long-term liabilities. Their total value is RON 2,045,029 (Note 8).

21. REVENUES

H1 2023

REVENUE FROM CONTRACTS WITH CUSTOMERS	**Licensed activity**	**Unlicensed activity**
Revenue from the production of electricity from renewable sources and from the supply of electricity	43,734,774	-
Revenues from product sales (LED lighting fixtures, electric vehicle charging stations, plastic injections and moulds, electroc equipment, railway safety elements)	-	30,937,442
Revenues from services rendered (complex works of design, delivery and installation of LED lighting systems and electric vehicle charging station)	-	17,287,145
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	**43,734,774**	**48,224,587**
RENTAL INCOME	**-**	**14,800,662**
TOTAL REVENUE	**43,734,774**	**63,025,249**

H1 2022

REVENUE FROM CONTRACTS WITH CUSTOMERS	**Licensed activity**	**Unlicensed activity**
Revenue from the production of electricity from renewable sources and from the supply of electricity	53,619,088	-
Revenues from product sales (LED lighting fixtures, electric vehicle charging stations, plastic injections and moulds, electroc equipment, railway safety elements)	-	29,122,816
Revenues from services rendered (complex works of design, delivery and installation of LED lighting systems and electric vehicle charging station)	-	15,816,858
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	**53,619,088**	**44,939,674**
RENTAL INCOME	-	**11,021,239**
TOTAL REVENUE	**53,619,088**	**55,960,913**

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

21. REVENUES (continued)

The moment of recognition of revenues from contracts with customers

H1 2023

	Licensed activity	Unlicensed activity
Goods and services transferred at a point in time	-	30,937,442
Goods and services transferred over time	43,734,774	17,287,145
Total revenue from contracts with customers	**43,734,774**	**48,224,587**

H1 2022

	Licensed activity	Unlicensed activity
Goods and services transferred at a point in time	-	29,122,816
Goods and services transferred over time	53,619,088	15,816,858
Total revenue from contracts with customers	**53,619,088**	**44,939,674**

Most of the revenues are generated in Romania.

The disaggregation of revenue at product level is as follows:

	H1 2023	S1 2022
Electric vechicle charging stations	5,904,571	4,273,344
Electric equipment	9,988,071	7,090,411
Railway traffic safety elements	3,553,879	3,365,082
Plastic injection and moulds	4,028,452	6,645,665
LED lighting fixtures	23,860,308	20,797,615
Others	889,304	2,767,557
TOTAL	**48,224,587**	**44,939,674**

OTHER NET INCOME

	H1 2023	S1 2022
Revenues from green certificates	884,560	1,118,076
Revenue/(expense) related to provisions	965,687	294,969
Net exchange rate difference	(79,439)	13,913
Other net income	159,633	145,978
TOTAL	**1,930,441**	**1,572,936**

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

22. EXPENSES

	H1 2023	H1 2022
Material expenses	**53,636,476**	**63,781,110**
- Expenses on raw materials and consumables	28,126,862	29,279,085
- Expenses on goods acquisitions	21,563,736	30,523,392
- Expenses on energy, water, gas	3,945,878	3,978,633
Expenses on employees	**20,456,514**	**17,360,450**
- Employees costs	12,260,168	10,592,239
- Other staff costs	8,196,346	6,768,211
Other expenses	**27,206,413**	**14,947,065**
- Postal expenses	200,377	183,789
- Maintenance and repair costs	168,945	166,894
- Rent costs	265,288	186,964
- Advertising and entertainment expenses	101,770	74,590
- Insurance costs	339,077	270,247
- Travel and journey costs	548,670	586,917
- Expenses on subcontracted works	3,264,131	5,205,111
- Expenses other taxes and fees	921,880	833,964
- Expenses related to consultants and collaborators	448,973	271,686
- Expenses on green certificates	740,589	911,791
- Other operating expenses	5,926,112	6,255,113
- Trade energy tax - he transition fund	14,280,601	-
Depreciation and depreciation expenses	**5,504,120**	**5,423,195**
- Depreciation expenses	5,504,120	5,423,195
- Loss/gain from impairment	-	-
Total expenses	**106,803,523**	**101,511,820**

23. FINANCIAL EXPENSES

	H1 2023	H1 2022
- Interest expense	1,469	465,397
- Bank fees	51,505	47,620
- Leasing interest expenses	221,398	280,239
Total financial expenses	**274,372**	**793,257**

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

24. PROFIT TAX

Corporation tax is recognised in profit or loss:

	June 30 2023	June 30 2022
Current profit tax		
Current income tax expense	1,757,682	948,533
Deferred corporate tax		
Deferred tax revenue	(230,675)	(288,807)
	1,527,006	**659,726**

Reconciling profit before tax with income tax expense in the profit and loss account:

Indicator	June 30 2023	June 30 2022
Net profit	**8,430,014**	**17,882,175**
Deductions	(2,840,591)	(788,031)
Non-taxable income	(2,571,462)	(1,954,750)
Non-deductible expenses	8,061,298	6,706,102
Taxable Profit / Tax Loss	11,079,260	21,845,496
Fiscal loss from previous years	-	(15,917,168)
Current profit tax	1,772,682	948,533
Corporate tax reduction	(15,000)	-
Income tax due at the end of the period	**1,757,682**	**948,533**

The tax rate used for the above reconciliations is 16%.

As at 30 June 2023, the current profit tax is in the amount of RON 539,670 (30 June 2022 total debt: RON 348,596).

The analysis of the deferred corporate tax for the current period is presented below:

	Opening balance 1 January 2023	Recognised in the profit or loss account (income)/ Expense	Recognized in other elements of other comprehesive income	Closing balance 30 June 2023
Property, plant and equipment	23,121,801	(423,663)	-	22,698,138
Allowances for impairment of fixed assets	660,770	-	-	660,770
The effect of the time value of money (receivables)	(287,791)	50,684	-	(237,107)
Allowances for trade recievables	(469,415)	38,187	-	(431,228)
Allowances for inventories	(372,855)	(40,127)	-	(412,982)
Provisions for employee benefits	(222,864)	144,243	-	(78,621)
TOTAL	**22,429,646**	**(230,676)**	**-**	**22,198,971**

The deferred profit tax on property, plant and equipment resulted from different accounting and fiscal depreciation periods and the surplus recorded as a result of the revaluation.

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

25. AVERAGE NUMBER OF EMPLOYEES

The average number of employees has evolved as follows:

	June 30 2023	June 30 2022
Management staff	44	41
Administrative staff	131	142
Production staff	185	196
Total	**360**	**379**

The high level of training of the employees allowed the company to undertake activities supported by research and development. The evolution of the employees' structure according to the level of training is presented below:

	June 30 2023	June 30 2022
Highly educated staff	37%	33%
Staff with secondary education	39%	39%
Staff with technical studies	5%	4%
Staff with professional and qualified education	19%	24%
Average number of employees	360	393

The expenses on salaries and taxes related to the employees are as follows:

	H1 2023	H1 2022
Salaries expenses	12,260,168	10,592,239
Other taxes related to employees	8,196,346	6,768,211
Total	**20,456,514**	**17,360,450**

The company does not have a staff pension program specifically contributing to the national pension program according to the legislation in force.

26. TRANSACTIONS WITH RELATED PARTIES

	H1 2023	H1 2022
Sale of goods and services to subsidiaries		
Electromagnetica Fire LTD	14,330	12,722
Electromagnetic Prestserv LTD	11,476	11,231
Procetel Co.	669,260	24,600
Total	**695,066**	**48,553**

	S1 2023	S1 2022
Purchases of goods and services from subsidiaries		
Electromagnetica Fire LTD	848,475	871,399
Electromagnetic Prestserv LTD	717,522	654,958
Procetel Co.	824,030	678,005
Total	**2,390,027**	**2,204,362**

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

26. TRANSACTIONS WITH RELATED PARTIES (continued)

	June 30, 2023	December 31, 2022
Trade receivables		
Electromagnetica Fire LTD	-	-
Electromagnetic Prestserv LTD	-	-
Procetel Co.	729,876	-
Total	**729,876**	**-**

	June 30, 2023	December 31, 2022
Trade and other payables		
Electromagnetica Fire LTD	336,808	132,899
Electromagnetic Prestserv LTD	281,399	256,302
Procetel Co.	184,080	22,865
Total	**802,287**	**412,066**

Sales to affiliated companies include: miscellaneous material deliveries, rents, utilities.

Purchases from affiliated companies include: rents, utilities, cleaning and transport services, fire prevention and extinguishing services.

Procetel SA is a joint-stock company with headquarters in Calea Rahovei 266-268, Bucharest, sector 5, Trade Register Serial Number J40/10437/1991, CUI 406212, tel: 031.700.2614, fax: 031.700.2616, having as main activity Research and development in other natural sciences and engineering (CAEN code 7219). In the relationship with Electromagnetica carries out activities of renting spaces.

Electromagnetica Prestserv SRL is a limited liability company with headquarters in Calea Rahovei 266-268, sector 5, building 1, 2nd floor, axes A-B, pillars 1-2, registered with the Trade Register Office attached to the Bucharest Court under no J40/1528/2003, CUI 15182750. In relation to Electromagnetica, it provides cleaning services (CAEN code 4311).

Electromagnetica Fire SRL is a limited liability company based in Calea Rahovei nr 266-268, sect. 5, building 2, ground floor, axes C-D, pillars 6 1/2 - 7, registered at the Trade Register Office attached to the Bucharest Tribunal under no J40/15634/2006, CUI 19070708. In relation to Electromagnetica, it carries out activities in the field of fire protection, technical assistance for fire prevention and extinguishing, private emergency services on civil protection, interior design, electrical works and cleaning services.

Transactions carried out with related parties are considered at market price.

Remuneration of key management

The remuneration of directors and other management members in H1 2023 and H1 2022 was as follows:

	H1 2023	H1 2022
Management Remuneration	1,744,607	1,324,011
Management compensation	603,084	-
Board of Directors Benefits	238,230	145,782
Board of Directors Bonuses	144,160	-
Total remuneration of key management	**2,730,081**	**1,469,793**

The company has no contractual obligations to former directors and directors and has not granted advances or loans to current directors.

The company has no future obligations of the nature of guarantees on behalf of the directors.

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

27. EARNING PER SHARE

Basic Earning per Share

During the reporting period, there were no changes in the share capital structure. The profit or loss per share is that presented in the statement of profit or loss and other comprehensive income. It was calculated as the ratio between the net profit related to ordinary shares and the weighted average of ordinary shares in circulation.

	H1 2023	H1 2022
Net profit attributable to shareholders	8,430,014	17,882,175
Weighted average number of ordinary shares	676,038,704	676,038,704
Earning per share	0.0125	0.0265

Diluted Earning per Share

For the calculation of the diluted earnings per share, the company adjusts the result attributable to the ordinary shareholders of the parent company and the weighted average of the shares in circulation with the effects of all ordinary shares potentially diluted. For the H1 2023 and 2022 the Company records the result per share equal to the result per share diluted as there are no certain securities that allow them to be converted into ordinary shares at some point in the future.

28. INFORMATION BY SEGMENT OF ACTIVITY

The company used as an aggregation criterion for reporting by activity segments the nature of the regulatory environment and identified the following business segments for which it presents the information separately:

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

The aggregation criterion is based on the license required to carry out activities as well as the conditions imposed by it, including the presentation of separate financial statements. The electricity generation and supply activities have been aggregated, taking into account the fact that they represent an integrated process for a part of their operations.

Segment information is reported based on the Company's activities. Segment assets and liabilities include both items directly attributable to those segments and items that can be allocated on a reasonable basis.

1st Semester 2023	Unlicensed activity	% Total company	Licensed activity	% Total company	Total company
Net profit	4,587,540	54%	3,842,474	46%	8,430,014
Total assets	376,747,639	83%	79,080,087	17%	455,827,726
Total liabilities	48,002,469	72%	18,215,392	28%	66,217,861
Customer revenue	63,025,248	59%	43,734,774	41%	106,760,023
Depreciation and amortization	4,470,485	81%	1,033,635	19%	5,504,120

1st Semester 2022	Unlicensed activity	% Total company	Licensed activity	% Total company	Total company
Net profit	60,846	-	17,821,329	100%	17,882,175
Total assets	371,103,734	83%	78,402,069	17%	449,505,803
Total liabilities	51,878,879	72%	20,415,798	28%	72,294,677
Customer revenue	55,960,913	51%	53,619,088	49%	109,580,001
Depreciation and amortization	4,304,855	79%	1,118,340	21%	5,423,195

28. INFORMATION BY SEGMENT OF ACTIVITY (continued)

Main products and production structure

The company benefits from a variety of technologies and equipment that allows obtaining a diversified nomenclature of products. The share of the main product groups in the turnover related to production (excluding services) is the following:

- LED lighting fixtures, systems and solutions
- Electric vehicle charging stations
- Low voltage electrical equipment
- Injection of plastics and molds
- Railway traffic safety features
- Production of electricity from renewable sources

Other activities:

- Electricity supply service
- Rental and utilities supply services

29. RISK MANAGEMENT

General framework for risk management

The Board of Directors of the company has general responsibility for the establishment and supervision of the risk management framework at the level of the company.

The activity is governed by the following principles:

a. the principle of delegation of authorities;
b. the principle of decision-making autonomy;
c. the principle of objectivity;
d. the principle of investor protection;
e. the principle of promoting the development of the stock market;
f. the principle of active involvement.

The Board of Directors is also responsible for examining and approving the strategic, operational and financial plan of the company, as well as the corporate structure of the company.

The company's risk management policies are defined in such a way as to ensure the identification and analysis of the risks faced by the Company, the establishment of appropriate limits and controls, as well as the monitoring of risks and compliance with the established limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the company's activities. The company, through its standards and procedures of training and management, aims to develop an orderly and constructive control environment, within which all employees understand their roles and obligations.
The internal audit of the company's entities supervises the way in which the management monitors the compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks it faces.
The activities carried out by the Company expose it to a series of financial risks: market risk (including exchange rate risk, interest rate risk, price risk), credit risk and liquidity risk.

The company is exposed to the following risks:

Capital risk management

Capital risk management aims to ensure the ability of the company to carry out its activity in good conditions through an optimization of the capital structure (equity and debts). In the analysis of the capital structure, the cost of capital and the risk associated with each class are monitored. In order to maintain an optimal capital structure and a proper degree of indebtedness, the company has proposed to the shareholders in recent years an adequate dividend policy, which would ensure its own sources of financing. The absence of financing sources may limit the expansion of the company in the segments of the market where the sale is supported by the provision of commercial facilities.

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

29. RISK MANAGEMENT (continued)

The company monitors capital based on the degree of indebtedness. This indicator is calculated as the ratio between net debt and total capital committed. Net liability is calculated as the sum of total loans (including lease liability in accordance with IFRS 16) and total suppliers and other liabilities (as presented in the statement of financial position) less cash and cash equivalents. Total committed capital is determined as the sum between net liability and equity (as shown in the financial position).

The indebtedness at 30 June 30 2023 was as follows:

	June 30 2023	December 31 2022
Total long-term and short-term liabilities	66,217,861	63,946,345
None: Cash and Cash Equivalents	(14,055,660)	(10,713,669)
Total	**52,162,201**	**53,232,676**
Equity	**389,609,865**	**384,560,045**
Leverage ratio	**0.134**	**0.138**

Market risk

Market risk includes: the risk of changing the interest rates, the exchange rate, the purchase price of the goods and the sale of the goods.

Currency risk management

The company is exposed *currency risk* due to the fact that the supply of materials is mostly made of import and that the share of export has increased. In order to limit the effect of foreign exchanges, the calendar of payments was correlated with that of foreign currency receipts, the company achieving, as a rule, a cash-flow surplus. The company permanently monitors and manages the exposure to the exchange rate change.

The exposure to foreign exchange risk of the Company results from:

- transactions (sales / purchases) in foreign currencies;
- commitments
- monetary assets and liabilities (especially receivables, commercial debts)

The foreign currencies most often used in transactions are EUR, USD and MDL.
Foreign currency assets are represented by customers and available in foreign currency. Foreign currency liabilities are represented by suppliers.

The book value of the company's monetary assets and liabilities denominated in foreign currencies at the reporting date was as follows:

Denomination currency	**EUR**	**USD**	**MDL**	**Total**
Functional currency	**RON**	**RON**	**RON**	**RON**
30 June 2023	**EUR**	**USD**	**MDL**	**Total**
Total monetary assets	8,626,717	641,690	83,788	9,352,195
Total monetary liabilities	5,159,444	806,508	-	5,965,952
31 December 2022	**EUR**	**USD**	**MDL**	**Total**
Total monetary assets	6,451,603	544,964	81,892	7,078,459
Total monetary liabilities	4,785,951	188,165	-	4,974,116

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

29. RISK MANAGEMENT (continued)

Exchange rate sensitivity analysis

An appreciation/(depreciation) of RON against EUR and USD, as indicated below, at December 31, would increase/(decrease) the profit or loss and the equity with the amounts presented below (without the impact in the corporate tax):

Denomination currency	**EUR**	**USD**
Functional currency	**RON**	**RON**
Change in exchange rate	+/- 10%	+/- 10%
30 June 2023		
Statement of profit and loss	346,727	35,221
Other equity	-	-
31 December 2022		
Statement of profit and loss	166,565	35,680
Other equity	-	-

This analysis shows the exposure to the risk of translation at the end of the year; however, the exposure during the year is continuously monitored and managed by the company.

Interest risk management

Risk with regard to *change in interest rates* it is kept under control due to the investment policy of the company from its own sources of financing, which leads to the use of credit lines only for short periods.

As of June 30, 2023, the Company has not concluded medium or long-term loans, holding only credit lines that can be accessed if necessary depending on the temporary cash deficit recorded.

The interest rates for the Company's loan facilities are based on ROBOR because they are financing lines in RON.
The credit lines were fully covered during 2023 and at the end of the period there was no balance to be repaid in the future.

Credit risk management

The credit risk consists in the event that the contracting parties violate their contractual obligations leading to financial losses for the company. The company is exposed to credit risk arising from its operational activities, especially commercial activities (Note 12) and from financial activities that include deposits with banks

Receivable

Trade receivables come from clients who operate in various fields of activity and in different geographical areas. To counteract this risk factor, the company applied restrictive policies for the delivery of products to uncertain customers. Insurance policies were contracted for foreign market receivables. Due to the increased incidence of insolvency cases in the economy, there is a concrete risk regarding the recovery of the value of the products and/or services provided prior to the declaration of insolvency. The company pays increased attention to the creditworthiness and financial discipline of the contractual partners. The company has adopted the policy of transacting only with reliable partners. Exposure to credit risk is controlled by the permanent monitoring of each debtor. The company constantly evaluates their credit risk, taking into account their financial performance and payment history.

The credit risk profile of commercial receivables is presented based on their maturity in terms of the impairment adjustment matrix. This matrix is initially based on the observed historical non-payment rates of the Company, adjusted with prospective factors specific to debtors and the economic environment, when appropriate. Trade receivables are generally within 30-120 days.

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

29. RISK MANAGEMENT (continued)

Current trade receivables			**June 30, 2023**
Time limits	**Balance**	**Depreciation expense**	**Expected credit loss (%)**
Current (not overdue)	32,899,651	(43,328)	0.13%
1 – 30 days	3,134,958	(11,812)	0.38%
31 – 60 days	1,520,182	(30,940)	2.04%
61 – 90 days	1,326,163	(73,918)	5.57%
90 – 180 days	5,579,247	(77,429)	1.39%
Over 180 days	22,227,378	-	0%
Total receivables analyzed globally	**66,687,578**	**(237,427)**	
Receivables for licensed activities	5,489,447	(1,245)	-
Receivables for unlicensed activities with state authorities	10,977,012	(727,667)	6.63%
Individually analyzed receivables	2,696,986	(2,696,986)	100%
Total receivables individually analysed	**19,163,445**	**(3,425,898)**	
Total	**85,851,023**	**(3,663,325)**	

Current trade receivables			**December 31, 2022**
Time limits	**Gross balances**	**Depreciation expense**	**Expected credit loss (%)**
Current (no overdue)	35,003,119	-	0.02%
1 – 30 days	5,394,679	-	0.07%
31 – 60 days	4,671,198	-	0.40%
61 – 90 days	632,318	-	0.72%
90 – 180 days	3,288,551	-	1.54%
Over 180 days	14,061,446	-	1.54%
Total receivables analyzed globally	**63,051,313**	**-**	
Receivables for licensed activities	7,273,081	-	-
Receivables for unlicensed activities with state authorities	6,636,523	(787,862)	11.87%
Individually analyzed recievables	2,933,845	(2,933,845)	100%
Total receivables individually analysed	**16,843,449**	**(3,721,707)**	
Total	**79,894,762**	**(3,721,707)**	

Financial instruments and deposits

The credit risk resulting from the transactions with the banks is managed by the specialized department within the Company. The investment of excess liquidity is done only with approved banks.
It is estimated that there is no significant exposure from the possible non-fulfilment of contractual obligations by counterparties in respect of financial instruments.

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

29. RISK MANAGEMENT (continued)

Liquidity risk management

The treasury function of the company prepares forecasts regarding the liquidity reserve and maintains an adequate level of credit facilities so that it can prudently manage liquidity and cash-flow risks. At the same time, the investments were limited to their own sources of financing and to those that have a direct contribution to the turnover. The liquidity and cash-flow risk management policy adapts to the new, more demanding commercial practices. This risk is closely related to the risks presented above.
Below is the statement of claims and liabilities according to maturity:

	June 30 2023	**0 - 1 year**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**
Trade and other receivables	92,155,803	84,720,790	5,390,090	2,044,923	-
Trade and other payables	38,718,807	37,021,214	1,264,748	432,845	-
Net position	**53,436,996**	**47,699,576**	**4,125,342**	**1,612,078**	**-**

	December 31 2022	**0 - 1 year**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**
Trade and other receivables	87,971,135	78,042,731	5,478,114	4,450,290	-
Trade and other payables	35,233,490	34,440,361	745,412	37,717	-
Net position	**52,737,645**	**43,602,370**	**4,732,702**	**4,412,573**	**-**

Categories of financial instruments

	H1 2023	**2022**
Financial assets		
- **amortized cost**		
Short and long term trade receivables	92,155,803	87,971,135
Cash and cash equivalents	14,055,660	10,713,669
Total	**106,211,463**	**98,684,804**

	H1 2023	**2022**
Financial liabilities		
- **amortized cost**		
Trade and other payables	36,673,778	33,039,949
Short- and long-term leasing liabilities	2,045,029	2,193,541
Total	**38,718,807**	**35,233,490**

The carrying amount of trade liabilities and receivables approximates the fair value at 30 June 2023 and 31 December 2022 respectively. Most of the receivables are short-term, and the effect of the time value of money is not significant.

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

30. COMMITMENTS AND POTENTIAL LIABILITIES

Commitments

As of June 30, 2023 the Company has commitments granted by four financing banks as follows:

- for bank loans in the form of overdrafts for working capital in the amount of RON 57,000,000;
- non-cash guarantee agreements in the amount of RON 30,000,000.

As of June 30, 2023, the Company had at its disposal an amount of RON 57,000,000 from the loan facilities contracted with the banks.

As of June 30, 2023, the Company had at its disposal the amount of RON 26,339,789 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 June 30, 2023, the Company complied with all the financial indicators imposed in the financing contracts.

The commitments granted to the Company are guaranteed with accounts opened with the creditor banks, receivables (amounting to RON 10,019,920), collateral deposits in the amount of RON 90,000, tangible assets (land, buildings) amounting to RON 151,528,165 (Note 5).

The commitments received from customers and tenants in the form of letters of guarantee as of June 30, 2023, are worth 1,191,830 lei according to the contractual clauses.

Litigation

The disputes in which the company is involved are of values that are not of a nature to affect the financial stability of the company.

31. SUBSEQUENT EVENTS

Although the military operation in Ukraine is ongoing, it did not have a major impact on the Company's activity, trading volumes, cash flows and profitability.

As of the date of these interim financial statements, the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern principle as a basis for the preparation of the financial statements.

The management has no knowledge of events, economic changes or other factors of uncertainty that could significantly affect the company's income or liquidity, other than those mentioned.

These separate interim financial statements have been approved for issue by management on August 10, 2023:

EUGEN SCHEUŞAN	**CRISTINA FLOREA**
General Manager	**Chief Financial Officer**

ELECTROMAGNETICA SA

SEPARATE QUARTERLY REPORT FOR
2ND TRIMESTER OF 2023

Separate financial results for the 2nd trimester of 2023 (T2 2023)
compared with the 2nd trimester of 2022 (T2 2022)
(unaudited)

ELECTROMAGNETICA SA
INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE 3 MONTHS PERIOD ENDED ON JUNE 30, 2023
(all the amounts are expressed in RON, unless otherwise specified)

Q2 2023	Q2 2022		6 months period ended on June 30, 2023	6 months period ended on June 30, 2022
53,537,283	**55,309,873**	**Revenues**	**106,760,023**	**109,580,001**
591,743	501,709	Investment income	679,097	506,252
1,614,478	1,347,938	Other net income	1,930,441	1,572,936
4,755,199	2,591,861	Changes in inventories of finished goods and work in progress	6,910,035	8,745,141
410,471	95,870	Own work capitalized	755,319	442,649
(28,563,013)	(31,143,068)	Raw materials and consumables used	(53,636,476)	(63,781,110)
(10,900,055)	(8,980,535)	Employee-related expenses	(20,456,514)	(17,360,450)
(2,787,746)	(2,717,741)	Expenses related to depreciation and impairment	(5,504,120)	(5,423,195)
(13,261,142)	(7,527,532)	Other expenses	(27,206,413)	(14,947,065)
(142,668)	(382,593)	Financial expenses	(274,372)	(793,257)
5,254,549	**9,095,780**	**Profit before tax**	**9,957,021**	**18,541,901**
(755,070)	(939,475)	Profit tax	(1,527,007)	(659,726)
4,499,480	**8,156,304**	**Profit for the period**	**8,430,014**	**17,882,175**
		Other comprehensive income:		
-	-	of which: other comprehensive income that cannot be reclassified to profit or loss, of which: restatement of deferred tax for revaluation of assets written off	-	-
4,499,480	**8,156,304**	**Comprehensive result for the period**	**8,430,014**	**17,882,175**
-	-	**Basic/diluted earnings per share**	**0.0125**	**0.0265**

ELECTROMAGNETICA SA
INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

	June 30 2023	December 31 2022
ASSETS		
Non-current assets		
Property, plant and equipment	308,953,312	309,248,377
Investment property	16,573,349	16,573,349
Intangible assets	674,874	787,901
Investments in related entities	841,908	841,908
Other long-term non-current assets	7,435,013	9,920,728
Assets related to the rights of use	1,999,530	2,160,053
Total non-current assets	**336,477,985**	**339,532,316**
Current assets		
Inventories	20,573,291	20,209,997
Trade receivables	82,187,698	76,173,055
Cash and cash equivalents	14,055,660	10,713,669
Other current assets	2,533,092	1,699,960
Current income tax assets	-	177,392
Total current assets	**119,349,741**	**108,974,073**
Total assets	**455,827,726**	**448,506,389**
EQUITY AND LIABILITIES		
Equity		
Share capital	67,603,870	67,603,870
Reserves and other equity	216,566,079	196,462,928
Retained earnings	105,439,915	120,493,247
Total equity attributable to company's shareholders	**389,609,865**	**384,560,045**
Non-current liabilities		
Trade payables and other liabilities	671,184	700,176
Investment subsidies	3,839,042	3,920,651
Deferred tax liabilities	22,198,971	22,429,646
Leasing debts	1,026,409	1,299,749
Total non-current liabilities	**27,735,606**	**28,350,222**
Current liabilities		
Trade payables and other liabilities	35,462,924	32,339,773
Investment subsidies	163,219	163,219
Provisions	1,297,822	2,199,338
Current income tax liabilities	539,670	-
Leasing debts	1,018,620	893,792
Total current liabilities	**38,482,255**	**35,596,123**
Total liabilities	**66,217,861**	**63,946,345**
Total equity and liabilities	**455,827,726**	**448,506,389**

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

Q2 2023	Q2 2022		6 months period ended on June30, 2023	6 months period ended on June30, 2022
		Cash flows from operating activities		
59,277,817	50,074,560	Cash receipts from customers	111,002,585	100,909,079
(30,064,268)	(29,615,563)	Payments to suppliers	(61,040,138)	(65,117,457)
(12,199,214)	(8,845,609)	Payments to employees	(21,186,993)	(17,480,313)
(9,456,903)	(3,322,028)	Other operating activities	(22,517,464)	(7,422,923)
7,557,433	**8,291,360**	**Cash generated by/ (used in) operating activities**	**6,257,990**	**10,888,386**
-	(248,359)	Interest paid	(1,469)	(470,782)
(1,040,620)	-	Income tax paid	(1,040,620)	-
6,615,813	**(8,043,001)**	**Net cash generated by/ (used in) operating activities**	**5,215,901**	**10,417,605**
		Cash flows from investing activities:		
(1,222,915)	(34,649)	Acquisition of property, plant and equipment	(1,846,411)	(66,221)
12,340	-	Proceeds from sale of non-current-assets	24,490	33,300
91,542	9,412	Interest received	182,462	13,995
492,313	492,313	Dividends received	492,313	492,313
(626,720)	**467,076**	**Net cash generated by/ (used in) investing activities**	**(1,147,146)**	**473,388**
		Cash flows from financing activities:		
-	7,206,389	Proceeds from loans	1,964,851	26,036,515
-	(15,068,170)	Cash repayments of amounts borrowed	(1,964,851)	(36,671,116)
(342,322)	(307,720)	Paid leasing	(669,644)	(592,628)
(24,553)	(23,127)	Interest paid	(51,425)	(47,556)
(3,568)	(3,797)	Dividends paid	(5,695)	(6,311)
(370,443)	**(8,196,426)**	**Net cash generated by/ (used in) financing activities**	**(726,764)**	**(11,281,096)**
5,519,649	**313,651**	**Net increase / (decrease) of cash and cash equivalents**	**3,341,991**	**(390,104)**
8,536,010	**2,219,655**	**Cash and cash equivalents at beginning of period**	**10,713,669**	**2,923,410**
14,055,660	**2,533,306**	**Cash and cash equivalents at end of period**	**14,055,660**	**2,533,306**

ELECTROMAGNETICA S.A.
INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED ON JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

	Share capital	Retained earnings	Revaluation reserve for Tangible assets	Other reserves	Legal reserve	Deferred tax for revaluation reserves	Total equity
Balance as of January 1, 2023	**67,603,870**	**120,493,248**	**149,935,370**	**57,975,275**	**12,541,942**	**(23,989,660)**	**384,560,045**
Comprehensive income for the period:							
Profit or loss for the period	-	8,430,014	-	-	-	-	8,430,014
Other comprehensive income:							
Setup of legal reserve and other reserves	-	(1,401,865)	-	1,401,865	-	-	-
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	2,080,652	(2,080,652)	-	-	-	-
Deffered tax transfer related to revaluation reserve to retained earnings	-	(332,905)	-	-	-	332,905	
Transfer of the retained earnings to reserves	-	(20,449,034)	-	20,449,034	-	-	-
Total comprehensive income for the period	**-**	**(11,673,139)**	**(2,080,652)**	**21,850,899**	**-**	**332,905**	**8,430,014**
Transactions with shareholders, directly registered to equity							
Dividends distributed	-	(3,380,194)	-	-	-	-	(3,380,194)
Other items	-	-	-	-	-	-	-
Balance as of June 30, 2023	**67,603,870**	**105,439,915**	**147,854,719**	**79,826,174**	**12,541,942**	**(23,656,755)**	**389,609,865**

ELECTROMAGNETICA S.A.
INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED ON JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

	Share capital	Retained earnings	Revaluation reserve for Tangible assets	Other reserves	Legal reserve	Deferred tax for revaluation reserves	Total equity
Balance as of January 1, 2022	**67,603,870**	**75,584,806**	**154,178,085**	**66,840,830**	**19,789,854**	**(24,668,494)**	**359,328,951**
Comprehensive income for the period:							
Profit or loss for the period	-	17,882,175	-	-	-	-	17,882,175
Other comprehensive income:							
Setup of legal reserve and other reserves	-	-	-	-	-	-	-
Transfer of revaluation reserve to retained earnings following the depreciation of revalued tangible assets or written off assets	-	2,145,059	(2,145,059)	-	-	-	-
Deffered tax transfer related to revaluation reserve to retained earnings	-	(343,209)	-	-	-	343,209	
Transfer of the retained earnings to reserves	-	16,113,467	-	(7,463,590)	(8,649,877)	-	-
Total comprehensive income for the period	**-**	**35,797,491**	**(2,145,059)**	**(7,463,590)**	**(8,649,877)**	**343,209**	**17,882,175**
Transactions with shareholders, directly registered to equity							
Dividends distributed	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
Balance as of June 30, 2022	**67,603,870**	**111,382,298**	**152,033,026**	**59,377,240**	**11,139,977**	**(24,325,285)**	**377,211,127**

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

1. GENERAL INFORMATION

Electromagnetica S.A. ("Company" or "Electromagnetics") is a joint stock company established in 1930 and operates in several fields, the most important being:

- Activities in the field of energy efficiency (production of bodies, systems and solutions for LED lighting, equipment for distribution and measurement of electricity, remote management systems);
- Rental of office space, industrial space, land and provision of utilities;
- Production of electricity from renewable sources (produced in low power hydropower plants) and supply of electricity.

Electromagnetica's production processes and products have been certified in accordance with international standards for quality assurance. The main products are the following:

- LED lighting fixtures, systems and solutions
- Electric vehicle charging stations
- Low voltage electrical equipment
- Injection of plastics and molds
- Railway traffic safety features
- Production of electricity from renewable sources

The shares of Electromagnetica S.A. are traded on the Bucharest Stock Exchange under the symbol "ELMA".
The registered office and administrative headquarters of the Company are located in Bucharest, 5th District, Calea Rahovei 266-268.

2. BASES OF PREPARATION

The financial figures are prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016, which is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. The functional and presentation currency is the Romanian leu (RON).

The financial information for June 30, 2023 was not audited and was not subject to review by an external auditor.

3. SIGNIFICANT ACCOUNTING POLICIES

In this individual quarterly report, the same accounting policies and calculation methods were used as those applied in preparing the Company's individual financial statements as of December 31, 2022, except for the adoption of the new standards in force as of January 1, 2023. The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet in force.

4. EXPLANATORY NOTES

4.1. Separate statement of profit or loss

Revenues

Q2 2023	Q2 2022		6 months period ended on June30, 2023	6 months period ended on June30, 2022
30,509,542	28,772,424	Unlicenced activity revenues	63,025,248	55,960,913
23,027,742	26,537,449	Licensed activity revenues	43,734,774	53,619,088
53,537,283	**55,309,873**	**Total**	**106,760,023**	**109,580,001**

The Company's turnover in the six-month period ended on June 30, 2023 decreased by 2.5% compared to the same period last year, primarily as a result of the reduction in the electricity supply activity.
Also, the turnover of the second quarter experienced a decrease of 3.2% compared to the same period last year.
The company recorded a profit of 8,430,014 lei, of which 54% was allocated to unlicensed activities and 46% to licensed activities.

4.2. Separate statement of financial position

Fixed assets

Fixed assets registered a slight decrease of less than 1% compared to the end of 2022, due to the amortization and reduction of receivables with a payment term of more than one year.

Current assets

Current assets increased by 10% compared to December 31, 2022, mainly due to the increase in trade receivables, cash and cash equivalents.

Trade receivables increased by 8% due to some contracts with state authorities within government programs which are overdue.

Cash and cash equivalents increased by 31%.

The stocks registered an increase of 2%, being a comparative value with the end of 2022.

Equity

On June 30, 2023, equity reached a level of 389,609,865 RON, registering an increase of 1% compared to the end of 2022, as a result of the profit obtained in the reporting period combined with the amount allocated to dividends according to the OGAS decision of 28 April 2023.

Liabilities

Long-term debts show a decrease of 2% compared to the beginning of the year.

Current liabilities increased by 8% under the effect of the increase in commercial liabilities.

4.3. Separate statement of cash-flow

On June 30, 2023, the Company recorded cash and cash equivalents in the amount of 14,055,660 RON, registering a 31% increase compared to the beginning of the year.

The net cash flow from operational activity had a positive value, which led to the possibility of accumulating financial resources.

In the first semester of 2023, the overdraft credit facilities were used to a very small extent, the withdrawals being fully reimbursed.

ECONOMIC AND FINANCIAL RATIOS

Indicator name	Formula	6 months period ended on June30, 2023	6 months period ended on June30, 2022
Current liquidity	Current assets/Current liabilities	3.10	2.43
Degree of indebtedness	Long term borrowed capital/ Share capital x 100	0.44	0.60
	Long term borrowed capital / Invested capital x 100	0.43	0.60
Turnover speed of customer debts (days)	Average client balance / Turnover x 180	130.0	123.8
Turnover speed of fixed assets	(Turnover x 360/ 180)/ Fixed assets	0.65	0.63

Note:

1. **Current liquidity** guarantees that current liabilities are covered from current assets.

2. **The degree of indebtedness** evaluates the efficiency of credit risk management, indicating potential funding or liquidity issues affecting the performance of commitments. Borrowed capital = Loans over more than one year and other interest bearing loans Capital employed = Borrowed capital + Equity

3. **Turnover speed for customer debts** evaluates the efficiency of the company in collecting its receivables, i.e. the number of days until the date when debtors pay their debts to the company.

4**. Turnover speed for fixed assets** evaluates the efficiency of fixed asset management by examining the value of the turnover generated by a certain quantity of fixed assets.

ELECTROMAGNETICA SA

INTERIM CONSOLIDATE FINANCIAL REPORT

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

(UNAUDITED)

Prepared in accordance with theOrder of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards adopted by the European Union

(all amounts are expressed in ron, unless otherwise specified)

	Note	Period of 6 months ended on June 30 2023	Period of 6 months ended on June 30 2022
Revenues	**20**	**106,799,047**	**109,617,859**
Investment income		186,784	13,939
Other net income and expenses	**20**	2,103,262	1,646,744
Change in the stock of finished products and production in progress		6,910,035	8,745,141
Activity performed by the entity and capitalized		755,319	442,649
Raw materials and consumables used	**21**	(53,740,784)	(63,909,636)
Employees costs	**24**	(22,116,241)	(18,815,680)
Depreciation and impairment expenses	**21**	(4,899,649)	(4,916,794)
Other expenses	**21**	(25,854,404)	(13,659,197)
Financial expenses	**22**	(229,752)	(754,507)
Profit before tax		**9,913,619**	**18,410,518**
Income tax	**23**	(1,560,124)	(684,068)
Net Profit		**8,353,495**	**17,726,450**
Distributable to the parent company		8,357,967	17,736,587
Distributable to non-controlling interests		(4,472)	(10,137)
Other elements of the other comprehensive income:			
Out of which:		-	-
other comprehensive income which cannot be reclassified to the profit and loss account, showing separately:		-	-
- the deferred tax related to the disposed fixed assets		-	-
Total Other Comprehensive Income		**8,353,495**	**17,726,450**
Comprehensive income attributable to:			
Shareholders of the parent Company		8,357,967	17,736,587
Non-controlling interests		(4,472)	(10,137)
Global comprehensive income attributable to:			
Shareholders of the parent Company		8,357,967	17,736,587
Non-controlling interests		(4,472)	(10,137)
Earnings per share		0.0124	0.0262
Earnings per share dilluted		n/a	n/a

These interim consolidated financial statements were approved for issuance by management on August 10, 2023:

EUGEN SCHEUŞAN	**CRISTINA FLOREA**
General Director	**Chief Financial Officer**

ELECTROMAGNETICA SA
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED ON JUNE 30, 2023
(all amounts are expressed in ron, unless otherwise specified)

	Note	June 30, 2023	December 31, 2022
ASSETS			
Fixed assets			
Property, plant and equipment	**5**	310,449,807	310,734,538
Investment property	**6**	22,054,243	22,054,243
Intangible assets	**7**	676,086	789,308
Investments in affiliated entities	**9**	7,442,690	9,928,405
Other non-current assets	**8**	129,745	155,290
Right of Use Assets		**340,752,571**	**343,661,784**
Total fixed assets			
Current assets	**10**	20,658,528	20,282,199
Inventories	**11**	82,962,769	76,411,649
Trade Recievables	**13**	18,434,416	15,417,388
Cash and cash equivalents	**12**	2,456,609	1,725,783
Other current assets	**23**	-	170,213
Current tax recievable		**124,512,321**	**114,007,231**
Total current assets		**465,264,892**	**457,669,015**
EQUITY AND LIABILITIES			
Equity			
Share capital	**14**	67,603,870	67,603,870
Reserves and other equity items	**15**	219,224,907	198,973,337
Retained earnings	**16**	113,262,817	128,517,096
		400,091,594	**395,094,303**
Total equity attributable to the shareholders of the company		359,541	364,013
		400,451,135	**395,458,316**
Long-term liabilities			
Trade and other payables	**19**	671,184	700,176
Investment grants	**17**	3,839,042	3,920,651
Deferred tax liabilities	**23**	22,427,244	22,652,804
Leasing liabilities	**8**	44,103	82,953
Total long-term liabilities		**26,981,573**	**27,356,584**
Current liabilities			
Tade and other payables	**19**	35,726,964	32,367,355
Investment grants	**17**	163,219	163,219
Provisions	**18**	1,297,822	2,248,130
Current income tax liabilities	**23**	554,760	-
Leasing liabilities	**8**	89,419	75,410
Total current liabilities		**37,832,184**	**34,854,115**
Total liabilities		**64,813,757**	**62,210,699**
Total equity and liabilities		**465,264,892**	**457,669,015**

These interim consolidated financial statements were approved for issuance by management on August 10, 2023:

EUGEN SCHEUŞAN	**CRISTINA FLOREA**
General Director	**Chief Financial Officer**

ELECTROMAGNETICA SA
INTERIM CONSOLIDATED STATEMENT OF CASH-FLOW
FOR THE PERIOD ENDED ON JUNE 30, 2023
(all amounts are expressed in ron, unless otherwise specified)

	Note	Period of 6 months ended on June 30 2023	Period of 6 months ended on June 30 2022
Cash flows from the operating activities :			
Cash receipts from customers		113,866,988	168,449,421
Payments to suppliers		(61,810,454)	(65,891,848)
Payments to employees		(23,491,564)	(19,628,284)
Other operating operations		(22,918,741)	(7,032,400)
Cash generated by/ (used in) the operating activity		**5,646,229**	**10,718,598**
Interest paid		(1,469)	(470,782)
Profit tax paid		(1,053,270)	(24,934)
Net cash generated by/(used in) operating activities		**4,591,490**	**10,222,883**
Cash flows from investment activities:			
Purchase of property, plant and equipment		(1,846,411)	(66,221)
Proceeds from the sale of fixed assets		24,490	27,983
Interest received		304,361	33,300
Dividends received		**(1,517,560)**	**(4,938)**
Net Cash generated by/(used in) investment activities			
Cash flows from financing activities:		1,964,851	26,036,515
Cash receipts from loans		(1,964,851)	(36,671,116)
Cash repayments of the amounts borrowed		(47,910)	(592,628)
Rent paid		(3,297)	(47,556)
Interest paid		(5,695)	(6,311)
Dividends paid		**(56,902)**	**(11,281,096)**
Net cash generated by/(used in) financing activities			
		3,017,028	**(1,063,151)**
Increase/(Decrease) net cash and cash equivalents			
	13	**15,417,388**	**7,086,289**
Cash and cash equivalents at the beginning of the period			
Cash and cash equivalents at the end of the period	**13**	**18,434,416**	**6,023,137**

These interim consolidated financial statements were approved for issuance by management on August 10, 2023:

EUGEN SCHEUŞAN **CRISTINA FLOREA**

General Director **Chief Financial Officer**

(all amounts are expressed in ron, unless otherwise specified)

	Share capital	Retained earnings	Reserves revaluation of tangible assets	Deferred tax recognized in reserves	Other elements	Legal Reserve	Interest that do not control	Total equity
Balance as at 01 January 2023	**67,603,870**	**128,517,096**	**151,285,901**	**(24,205,114)**	**59,328,628**	**12,563,922**	**364,013**	**395,458,316**
Result for the period	-	8,357,967	-	-	-	-	(4,472)	8,353,495
Total Other Comprehensive Income	-	-	-		-	-	-	-
Net surplus from revaluation of fixed assets	-	-	-		-	-	-	-
Deferred tax related to revaluation	-	-	-	-	-	-	-	-
Other equity elements	**-**	**(20,251,755)**	**(2,080,652)**	**332,905**	**21,999,502**	**-**	**-**	**-**
Transfer of reserves to retained earnings	-	2,080,652	(2,080,652)	-	-	-	-	-
Transfer of related deferred tax from revlauation reserve to retained earnings	-	(332,905)	-	332,905	-	-	-	-
Transfer of net result to reserves	-	(20,597,637)	-	-	20,597,637	-	-	-
Legal reserve	-	(1,401,865)	-	-	1,401,865	-	-	-
Transactions with shareholders, recorded directly in equity								
Dividends distributed to shareholders	-	(3,440,905)	-	-	-	-	-	(3,440,905)
Other elements	-	80,414	-	-	(185)	-	-	80,229
Balance at 30 June 2023	**67,603,870**	**113,262,817**	**149,205,249**	**(23,872,209)**	**81,327,945**	**12,563,922**	**359,541**	**400,451,135**

These interim consolidated financial statements were approved for issuance by management on August 10, 2023:

EUGEN SCHEUŞAN
General Director

CRISTINA FLOREA
Chief Financial Officer

ELECTROMAGNETICA SA
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED ON JUNE 30, 2023
(all amounts are expressed in ron, unless otherwise specified)

	Share capital	Retained earnings	Reserves revaluation of tangible assets	Deferred tax recognized in reserves	Other elements	Legal Reserve	Interest that do not control
Balance as at 01 January 2022	**67,603,870**	**82,754,937**	**130,640,518**	**67,949,273**	**19,811,734**	**329,509**	**369,089,940**
Global comprehensive income							
Result for the period	-	17,736,587	-	-	-	(10,137)	17,726,450
Other comprehensive income							
Legal reserve	-	-	-	-	-	-	-
Transfer of reserves to retained earnings	-	2,145,059	(2,145,059)	-	-	-	-
Transfer of related deferred tax from revlauation reserve to retained earnings	-	(343,209)	343,209	-	-	-	-
Transfer of the pewriod result to reserves	-	(247,898)	-	247,898	-	-	-
Previous year loss coverage	-	16,113,467	-	(7,463,590)	(8,649,877)	-	-
Total rezultat global aferent perioadei	**-**	**35,404,005**	**(1,801,849)**	**7,215,692**	**11,161,957**	**319,372**	**17,726,450**
Tranzacţii cu acţionarii, înregistrate direct in capitaluri proprii							
Dividends distributed to shareholders	-	(16,709)	-	-	-	-	(16,709)
Other elements	-	(17,813)	-	(2,986)	-	-	(20,799)
Balance at 30 June 2022	**67,603,870**	**118,124,420**	**128,838,669**	**60,730,595**	**11,161,957**	**319,372**	**386,778,882**

These interim consolidated financial statements were approved for issuance by management on August 10, 2023:

EUGEN SCHEUŞAN
General Director

CRISTINA FLOREA
Chief Financial Officer

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

1. GENERAL INFORMATION ABOUT THE GROUP

SC Electromagnetica SA – parent company is a joint-stock company which is organized and operates according to the statute and on the basis of Law no. 31/1991 republished in 2004 and amended by Law no.441/2006, GEO no.82/2007 and GEO no.52/2008 as well as the Law on the capital market no.297/2004. The group has its registered office in Bucharest, Calea Rahovei nr. 266-268, sector 5, Bucharest, Romania, postal code 64021, phone 021.404.21.31, 021.404.21.02, fax 021.404.21.95, website www.electromagnetica.ro, unique registration code RO 414118, registration number at the Trade Register J40 /19/1991. The share capital of the group is 67,603,870.40 lei divided into 676,038,704 shares. According to the group's statutes, the main activity is the manufactoring of instruments and devices for measurement, verification, control, navigation (CAEN code 2651).

SC Electromagnetica Fire SRL is a limited liability company based in Bucharest, Calea Rahovei nr 266-268, sect 5, corp 2, ground floor, axes C-D, pillars 6 1/2 - 7, registered at the Trade Register Office at Bucharest Tribunal under no J40 / 15634/2006, CUI 19070708, which carries out activities in the field of fire protection, technical assistance for fire prevention and extinguishing and private emergency services on civil protection (CAEN code 8299).

SC Electromagnetica Prestserv SRL is a limited liability company based in Bucharest, Calea Rahovei 266-268, sector 5, building 1, 2nd floor, axes A-B, pillars 1-2, registered with the Trade Register Office at Bucharest Tribunal under no J40/1528/2003, CUI 15182750, which provides cleaning services (CAEN code 4311).
SC Electromagnetica Prestserv SRL and SC Electromagnetica Fire SRL were established by outsourcing some services within SC Electromagnetica SA, respectively cleaning services, technical assistance for fire prevention and extinguishing and private emergency services on civil protection.

SC Electromagnetica Prestserv SRL and SC Electromagnetica Fire SRL were established by outsourcing some services within SC Electromagnetica SA, respectively cleaning services, technical assistance for fire prevention and extinguishing and private emergency services regarding civil protection.

SC Procetel SA is a joint stock company based in Bucharest, Calea Rahovei 266-268, serial number at the Trade Register J40/10437/1991, CUI 406212, tel: 031.700.26.14, fax: 031.700.26.16. SC Procetel SA is a closed joint-stock company (the shares are not traded on the market) which has as its main activity research and development in other natural sciences and engineering (CAEN code 7219). Currently, the research activity has been drastically reduced, the results obtained coming mainly from the activity of renting spaces.
The details of the parent company's investments in subsidiaries are as follows:

Name of subsidiary	**No. Titles**	**Percentage of holding and right to vote (%)**	**Value**
Electromagnetica Prestserv LTD	300	100%	30,000
Electromagnetica Fire LTD	799	99.875%	79,900
Procetel Co.	42.483	96.548%	732,008
TOTAL			**841,908**

The structure of the administrative and executive management of the subsidiaries are as follows:

a) Electromagnetica Fire SRL

Administrative management: Maria Rogoz – sole administrator, with a 4 year mandate valid starting with April 19th, 2022
Executive Board: Maria Rogoz – General Manager

b) Electromagnetica Prestserv SRL

Administrative management: Antoaneta Monica Stanila – sole administrator, with a mandate of 2 years valid until December 31, 2023.
Executive management: Mihai Sanda – chief accountant

c) Procetel SA

Administrative management: Antoaneta Monica Stanila – sole administrator, with a mandate of 4 years until August 22nd, 2026.
Executive management: Mihai Sanda – chief accountant

2. BASIS OF PREPARATION

Declaration of conformity

The separate financial statements of the Group were prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") in force at the reporting date of the Company, respectively June 30, 2023 and in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016, for the approval of accounting regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications. These provisions correspond to the requirements of the International Financial Reporting Standards adopted by the European Union.

The financial statements of the Group are available on the website www.eletromagnetica.ro within the applicable legal term.

The consolidated financial statements as of 30 of June 2023 were not audited and were not subject to review by an external auditor.

The basics of drawing up

Separate financial statements have been prepared on the basis of historical cost, with the exception of certain financial instruments that are measured at fair value as explained in accounting policies. Historical cost is generally based on the fair value of consideration in exchange for assets.

Basis of consolidation

The Group maintains its accounting records in RON and prepares its statutory consolidated financial statements in accordance with IFRS. The consolidated financial statements incorporate the financial statements of ELECTROMAGNETICA S.A. (the Parent) and entities controlled by ELECTROMAGENTICA SA (together “the Group”). Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.
Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Parent Company.
All intra-group transactions, balances, income and expenses were eliminated in full on consolidation.
Non-controlling interest in the net assets (excluding goodwill) of consolidated subsidiaries is identified separately from the Group’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority’s share of changes in equity since the date of the combination. The Group shall also attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance.

Going concern

The financial statements were prepared based on the principle of going concern, which implies that the Group will be able to realize its assets and pay its liabiliies in the normal course of the business.

Climate change

The Group management also took into account the impact of climate change in financial statements preparation. These considerations did not have a significant impact on the rationale and on estimates used financial reporting. They are also not expected to have a significant impact on the going concern.

Functional and presentation currency

These consolidated financial statements are presented in RON, which is the functional currency of the Group.

Foreign currency
Operations denominated in foreign currency are recorded in RON at the official exchange rate from the settlement date of the transaction. Monetary assets and liabilities recorded in foreign currency at the date of preparation of the statement of financial position are expressed in RON at the exchange rate of the respective day. Gains or losses on their settlement and on the conversion of monetary assets and liabilities denominated in foreign currency using the exchange rate at the end of the analysis period are recognised in the result of the financial year. Non-monetary assets and liabilities that are valued at historical cost in foreign

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

2. BASIS OF PREPARATION (continued)

currency are recorded in RON at the exchange rate from the transaction date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are recorded in RON at the rate on which the fair value was determined. Exchange rates differences are shown in the profit or loss account.

The exchange rates at the end of the period of the main currencies were as follows:

	Exchange rate June 30, 2023	Exchange rate December 31, 2022	Exchange rate June 30, 2022
EUR exchange rate at the end of the period	4.9634	4.9474	4.9454
USD exchange rate at the end of the period	4.5750	4.6346	4.7424

3. APPLICATION OF NEW AND REVISED INTERNATIONAL REPORTING STANDARDS

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard	Title
IFRS 17	New standard IFRS 17 “Insurance Contracts” including the June 2020 and December 2021 Amendments to IFRS 17
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective
At the date of authorisation of these financial statements, no new and revised IFRS Accounting Standards have been issued and adopted by the EU but are not yet effective.

New and revised IFRS Accounting Standards in issue but not adopted by the EU
At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at [date of authorisation of these financial statements]:

Standard	Title	EU adoption status
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules(IASB effective date: 1 January 2023*)	Not yet adopted by EU
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (IASB effective date: 1 January 2024)	Not yet adopted by EU

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

IFRS 14	Regulatory Deferral Accounts (IASB effective date: 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 IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

** exception specified in amendments to IAS 12 (that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes) is applicable immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.*

The Group do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

APPENDIX: BRIEF DESCRIPTIONS OF NEW AND REVISED STANDARDS

• **IFRS 17 "Insurance Contracts"** issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while applied. Amendments to IFRS 17 "Insurance Contracts" issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time**.**

• **Amendments to IFRS 16 "Leases"** - Lease Liability in a Sale and Leaseback issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

• **Amendments to IFRS 17 "Insurance contracts"** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

• **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.

• **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current issued by IASB on 23 January 2020 and Amendments to IAS 1 "Presentation of Financial Statements" - Non-current Liabilities with Covenants issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

• **Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures"** - Supplier Finance Arrangements issued by IASB on 25 May 2023. Amendments add disclosure requirements, and 'signposts' within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.

• **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL REPORTING STANDARDS (continued)

• **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

• **Amendments to IAS 12 "Income Taxes" - International Tax Reform — Pillar Two Model Rules** issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

• **IFRS 14 "Regulatory Deferral Accounts"** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

• **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** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

4.1. Significant accounting policies

The main accounting policies are presented below:

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses line.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in the host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial instruments*, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9.

Other contingent consideration that is not in the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair values recognized in profit or loss.

Short-term classification versus long-term classification of assets and liabilities

The Group presents its assets and liabilities in the statement of financial position as classified as short-term / long-term.

An asset is classified in the short term if:
- expects to capitalised, or intends to be sold or used it during the normal course of the business;
- it is mainly owned for trading purposes;
- expects to be capitalised within 12 months after the reporting date; or
- the asset represents its number of cash equivalents whose use is not restricted to be exchanged or used to settle a liability for a period of cxel less than 12 months after the reporting period.

All other assets are classified as long-term (non-current assets).
A liability is classified in the short term (current) if:

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

- it is expected to be settled in the normal course of business;
- it is owned for the main purpose of being traded;
- is settled within 12 months after the reporting date;
- there is no unconditional right to postpone the settlement of the lialbility for at least 12 months after the reporting date.

The Group classifies all other liabilities as long-term.

Fair value

Fair value is the price that could be received as a result of the sale of an asset or paid to transfer a liability in a transaction carried out in the normal course of activity between market participants at the measurement date.
The fair value measurement is based on the presumption that the sale of the asset transaction or the transfer of the liability takes place either:

- on the main market of the asset or liability
- in the absence of a main market, on the most advantageous market for an asset or a liability.

The Group uses the fair value of an asset or liability on the basis of assumptions that market participants would use when pricing the asset or liability, assuming that participants act to achieve maximum economic benefit.

The fair value measurement of a non-financial asset takes into account the ability of market participants to generate economic benefits through the most intense and best use of the asset or by selling another market participant who in turn would give it the most intense and best use.

With regard to valuation techniques, they are appropriate taking into account the circumstances for which sufficient data is available for fair value measurement, maximising the use of observable inputs and minimising the use of unobservable inputs.

Fair value measurement establishes a fair value hierarchy that classifies inputs for measurement techniques used to measure fair value into three levels:

- Input data of **level 1** – are quoted prices (unadjusted) in active markets for identical assets and liabilities to which the entity has access at the measurement date. This data provides the most reliable evidence of fair value and should be used wherever available
- Input data of **level 2** – are inputs other than quoted prices included in Tier 1 that are observable directly or indirectly for the asset or liability (e.g. quoted prices for identical or similar assets or liabilities in markets that are not assets)
- Input data of **level 3** – are unobservable inputs for the asset or liability. The Group must draw up unobservable input data on the basis of the best information available in the given circumstances which may include the Group's own data.

The Group Financial Department determines the policies and procedures for both recurring fair value measurement such as investment properies, property, plant and equipment where fair value model is adopted.
External accredited valuers are involved for valuation of property, plant and equipment and investment property, this involvement is determined anually by the Group Finance Team. Selection criteria include market knowledge, reputation, independence and whatever professional standards are maintained.

Revenues from contracts with customers

Revenues from contracts with customers are recognized when control of goods and services is transferred to a value that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.
The Group has a also long term contracts with city halls paid in installements which have embedded a significant financing component.

Please more details at Note 20 for further details on Group main revenues streams.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Other incomes

Other incomes include income from transactions concerning goods (especially energy) that are within the scope of IFRS 9 Financial Instruments, as well as rental income.

Income from renting spaces are recognized in the linear profit and loss account for the duration of the lease.

Dividends and interest

Dividend income is recognised when the shareholder's right to receive payment is established. Dividend income is recorded at the gross amount that includes the dividend tax, which is recognised as a current expense during the period in which the distribution was approved.

Interest income is recognised on the basis of accrual accounting, by reference to the outstanding principal and the effective interest rate, that rate that exactly updates the expected future cash flows over the life of the financial instrument to the net carrying amount of the financial asset.

Leasing

The Group as lessee

The Group assesses whether a contract is or contains a rental clause at the beginning of the contract.
The Group recognizes a right to use the asset and an appropriate leasing liability in relation to all lease agreements in which it is a lessee/user, except for short-term contracts (defined as leasing for a rental period of 12 months or less) and rentals of low-value assets (less than RON 24,500).

For these leases, the Group recognizes payments as linear operating expenses over the term of the leasing contract.

The parent Company recognises as leasing contracts those aimed at renting spaces. Since the lease is made for periods of one year or more, they are treated by recognizing a right to use the asset and a leasing liability.

Lease liability

At the start date of the leasing contract, the Group recognizes the leasing liabilities, valued at the present value with the interest borrowing rate of the leasing payments, during the lease term. Payments include fixed payments minus any incentives to be received, variable lease payments that depend on an index or rate, and amounts expected to be paid as a residual value.

The Group estimates the interest borrowing rate taking into account data from financial insitutons and related borrowing costs.

The lease payments included in the measurement of the lease liability comprise the following payments relating to the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease:

a. fixed payments (including fixed payments in substance), less any lease incentives receivable;
b. variable lease payments that depend on an index or rate, initially measured on the basis of the index or rate at the start date of commencement
c. expected amounts due by the lessee on the basis of guarantees relating to the residual value;
d. the strike price of a purchase option if the lessee has a reasonable certainty that he will exercise the option); and
e. payments of penalties for terminating the lease, if the lease term reflects the lessee's exercise of an option to terminate the lease.

The leasing liability is presented as a separate line in the Statement of Financial Position.

The Group revalues the lease liability by discounting the revised lease payments using a revised discount rate, if either:

a. there is a change in the lease term. The Group determines the revised lease payments on the basis of a revised lease term;

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

b. a change occurs when measuring an option to buy the underlying asset, measured against the events and circumstances described in IFRS 16 in the context of a buy option.
c. The Group determines the revised lease payments to reflect changes in amounts due under the purchase option.

The Group revalues the liability arising from the lease by updating the revised lease payments in any of the following situations:

a. there is a change in the amounts expected to be due under the residual value guarantee. The Group determines the revised lease payments to reflect the change in the amounts expected to be due under the residual value guarantee.

b. there is a change in future lease payments resulting from a change in an index or rate used to determine those payments, including, for example, a change that reflects changes in market rent rates as a result of a review of market rents in the market. The lessee shall reassess the liability arising from the lease to reflect those revised lease payments only when there is a change in cash flows (ie when the adjustment of the lease payments occurs). The Group determines the revised lease payments for the remainder of the lease term based on revised contract payments.

Right of use of assets

Rights of use of assets include the initial valuation of the corresponding leasing debt, leasing payments made on or before the start day, minus the leasing incentives received and any initial direct costs. Subsequently, they are evaluated on the basis of the cost minus the accumulated depreciation and impairment losses.

The rights of use are amortized for the shortest period between the rental term and the useful life of the underlying asset, as follows:

Right of use assets	**Depreciation period (years)**
Buildings	1-5
Vehicles	3-5

The Group as lessor

The Group concludes rental contracts as a lessor for the spaces in the buildings registered both as tangible assets and as invetment properties.

All leases are recognized as operational leasing.
Rental income from operating leases is recognised in a linear manner over the term of that lease.

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Borrowing costs

The borrowing costs should include interest on loans that are directly attributable to the acquisition, construction or production of a qualifying asset. They shall be capitalised until the asset is ready for predetermined use or sale.
All other borrowing costs are recognised as expenses in the profit and loss account of the period in which they arise.
Interest charges shall be recorded using the effective interest method.
During the year ended December 31, 2022 and December 31, 2021, respectively, no interest was capitalised as the Group did not take any borrowing for construction of qualified asset.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Employee benefits

Short-term benefits to employees include salaries, bonuses and social security contributions.
The Group makes payments on behalf of its own employees to the pension system of the Romanian state, health insurance and unemployment fund, during the normal activity. All employees of the Group are members and have the obligation to contribute to the pension system of the Romanian state. All related contributions are recognised in the profit and loss account of the period when they are made. The Group has no additional obligations otherwise. The obligations with short-term benefits granted to employees are not updated and are recognized in profit and loss as the related service is provided.
The Group is not engaged in any independent pension scheme and therefore has no obligations whatsoever to do so. The Group is not engaged in any other post-employment benefit scheme. The Group has no obligations to provide subsequent services to former or current employees.

The Group does not currently provide benefits in the form of employee participation in profit.

There is currently no plan under which the Group's obligation to provide benefits in the form of the entity's own shares (or other equity instruments) is required.

Taxation

Current corporate income tax

The current tax payable shall be determined on the basis of the taxable profit of the year. Tax profit is different from profit reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and also excludes items that will never become taxable or deductible. The Group's current corporate tax liability is calculated using tax rates that were required by law or in a bill at the end of the year. Currently the tax rate is 16%.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Deferred tax

The deferred tax is constituted by analyzing the temporary differences in assets and liabilities.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be obtained in the future after offsetting against the tax loss of previous years and the income tax to be recovered.
The tax loss carried forward is included in the calculation of the deferred income tax asset.

Currently, the tax losses generated by the Romanian companies can be recovered for a period of 7 years.

Deferred tax liabilities are generally recognised for all taxable temporary differences
Deferred income tax claims and liabilities are net disclosed if this right exists and when they relate to the same entity and if they are due to the same tax authority.

Current and deffered tax

The current and deferred tax are recognized in the Statement of Profit and Loss unless they refer to items that are recognized in Other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in Other comprehensive income, respectively equity.

Value Added Tax (VAT)

Income, expenses of assets are net recognized by VAT except for:

- the situation in which the tax related to the acquisition of an asset or the provision of a service is not recoverable from the tax authority, in which case the VAT is recognized as part of the acquisition cost of the asset or service, as the case may be;

- the situation in which the receivables and debts are recognized with vat included, when the net amount to be paid or recovered from the tax authority is included in the receivables or debts in the Statement of the financial position.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are represented by land, buildings, technological equipment, appliances and installations, means of transport and others, initially recognized at the cost of acquisition or production.
The cost of the purchased property, plant and equipment is represented by the value of the consideration made for the acquisition of the respective assets as well as the value of other costs directly attributable to the bringing of the assets to the location and condition necessary for them to be able to operate in the manner desired by management.

The cost of self-constructed assets includes wage, material, indirect production costs and other costs directly attributable to bringing the assets to the current location and condition.

The Group has opted to use for the revaluation method as subsequent initial measurement of lands and buildings.

Land and buildings used in the production activity or for the supply of goods and services, or for administrative purposes are presented in the Statement of financial position at cost minus cumulated depreciation and minus cumulative impairment losses.

If the cost of the land includes the costs of decommissioning, removal, restoration, these costs are depreciated for the period when benefits are obtained as a result of these costs.

Other property, plant and equipment (equipment, apparatus, installations) are valued at cost less cumulative depreciation and cumulative impairment loss.

Property, plant and equipment in the form of construction in progress which are aimed to be used in production or administratively are valued at cost minus the acumulated depreciation cost. These assets are classified in the appropriate categories of property, plant and equipment when they are finished or ready to be used for the purposes for which they were intended.
Depreciation also begins when the assets are available for use.

Land and buildings are separable assets and are accounted for separately even when acquired together.

The land owned shall not be depreciated.

The residual value, the estimated useful life and the depreciation method shall be reviewed at the end of each reporting period, any modification of which shall be accounted for prospectively.

For all assets acquired as of January 1, 2015, the Group has opted to use as a depreciation method, the straight-line method that involves the systematic allocation of the amount of depreciation over the entire economic life of the assets.

The Group's management estimated as adequate the following useful life spans for different categories of property, plant and equipment as follows:

Property, plant and equipment	Duration (years)
Construction	20 - 100
Technological equipment	5 - 12
Measuring, controlling and adjusting apparatus and installations	3 - 8
Means of transport	4 - 8
Furniture, office equipment, equipment for the protection of human and material values	8 - 15

An item of property, plant and equipment is no longer recognised as a result of the disposal or when future economic benefits are no longer expected from the continued use of the asset. Any gain or loss arising from the disposal or disposal of an element of property, plant and equipment is determined as the difference between the sales receipts and the net carrying amount of the asset and is recognized in the Statement of Profit and Loss on the date of derecognition.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Investment property

The invenstment property of the Group are initially valued at the cost that is made up of the acquisition price plus any directly attributable expenses (professional fees for legal services, fees for the transfer of ownership, etc.).

After initial recognition, investment property is recognised in the financial statements at fair value**.** Investment property is not depreciated, and gains or losses arising from changes in their fair value are included in the profit or loss of the period in which they occur.

Intangible assets

Intangible assets acquired separately

Intangible assets with a finite life that are purchased separately are initially recognized at cost and are subsequently accounted for at cost less cumulative depreciation and impairment loss. Depreciation is linearly recognized over their useful life spans. The useful life span for this group of fixed assets is between 3 and 5 years. Their useful life and depreciation method are reviewed at the end of each reporting period, with the effect that any changes in estimates are accounted for on a prospective basis.

Intangible assets with an indefinite useful life that are purchased separately are accounted for at cost less cumulative impairment losses.

Intangible assets generated internally - research and development expenses
Expenses for research activities are recognized as such during the period in which they were carried out.
An internally generated property, plant and equipment, resulting from development (or from the stage of development of an internal project) is recognized if all the following criteria have been demonstrated:

- the technical feasibility necessary to complete the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and to use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development of the intangible asset and for its use or sale;
- the ability to credibly assess the costs attributable to the intangible asset during its development.

The value initially recognized for internally generated intangible assets represents the sum of the costs incurred from the date when the intangible asset meets for the first time the recognition criteria listed above Where no internally generated intangible asset can be recognized, development expenses are recognized in profit and loss during the period in which they are made.
After the initial recognition, the internally generated intangible assets are incurred at cost less the cumulative depreciation and the cumulative impairment loss, on the same basis as the intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised upon disposal or when it is expected that no further benefit will be obtained from its use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net proceeds from the sale and the net carrying amount of the asset, are recognised in profit and loss when the asset is derecognised.

Impairment of tangible and intangible assets

To determine whether a property, plant or equipment valued at cost is impaired, the Group analyses according to IAS 36 to identify whether there are indications of impairment.

For intangible assets with an indefinite lifetime, impairment tests are performed annually. This is applicable even if there are no indications of impairment. Impairment tests are performed at the level of cash-generating units that generate cash inflows largely independent of those from other assets or groups of assets.

For assets representing property, plant and equipment if there is an indication or when an annual impairment test is required The Group estimates the recoverable value of the asset as the highest of the fair value less its sale costs and its value of use.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

In measuring the use value, the estimated future cash flows are discounted at present value using a discount rate that reflects current market valuations of the time value of money and the risks specific to the asset or cash-generating units.

If the net carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and an impairment loss is known to reduce the value of the asset to the level of its recoverable amount.

Impairment losses are recognized in the Statement of profit and loss account to the line *Amortization and depreciation adjustments of fixed assets* and reversals or operating expenses.

If the reasons for the impairment are no longer applicable in a subsequent period, an impairment reversal is recognized in the Statement of Profit and Loss. The book value increased by the reversal of an impairment adjustment shall not exceed the book value (net depreciation) that would have been determined if no impairment adjustment had been recognised in previous years.

Major maintenance and repairs

The capitalised costs of capitalized inspections and repair activities are separate components of the
the corresponding assets or groups of assets. Capitalized costs related to capitalized capital repairs are depreciated using the depreciation method for the underlying asset until the next repair takes place.

The costs of major repair activities include the cost of replacing the assets or parts of the assets, the costs of inspection and the costs of capital repairs.
These costs are capitalized if an asset or part of an asset that has been depreciated separately is replaced and is likely to bring future economic benefits. If part of the replaced asset has not been considered a separate component, and therefore not depreciated separately, the replacement value is used to estimate the net carrying amount of the replaced asset that is scrapped immediately.

The inspection costs associated with major maintenance programs are capitalized and amortized until the next inspection.
The repair costs for microhydroplants are also captalized.
All other costs of current repairs and usual maintenance are recognised directly in the expenses.

Inventories

The Group recognizes inventories those assets that are:

- held for sale in the ordinary course of business
- in the course of production for such a sale, or
- in the form of materials and other consumables to be used in the production process or for the provision of services

Inventories are shown at the lowest of cost and net realisable value. Net realisable value is estimated on the basis of the selling price of the normal activity, less the estimated costs for completion and sale.

The Group uses as a valuation method FIFO (first in, first out). For finished products, the standard cost is used. At the end of each month, on the basis of the management accounting, the actual cost of the products obtained shall be determined.

For the inventories of raw materials and materials without movement or with slow movement, as well as for those of unsaleable finished products, adjustments are made based on management estimates. The amounts are booked in the statement of profit or loss of he period.

Prepayments

Prepayments are amounts paid in advance usually for services that concern a period of up to one year or more. The part that targets the period of up to one year is reflected in the Statement of financial position on current assets. The portion that exceeds one year is reflected as non current assets.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Financial instruments

i) Initial recognition and measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the balance sheet when the Group becomes a party to the contractual obligations of the instrument. The Group determines the classification of its financial assets and financial liabilities at initial recognition.
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. Currently the Group are represented by receivables and guarantees. The Group business model is to generate contractual cash flows.

Financial instruments (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if, and only if, the Group has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ii) Financial assets

Financial assets of the Group mainly include cash and cash equivalents, trade and other receivables, equity investments and financial assets at fair value through profit or loss.
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired; or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change in value. Such investment includes cash in hand and cash balances at banks and short-term bank deposits with initial maturity of three months or less.
Cash and cash equivalents are subject to impairment calculations, however the ECL amounts are immaterial due to the fact that the cash is held at reputable banks as BCR.

Other financial assets at amortised costs

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met: the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest. Interest income from the financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other expenses.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Trade and other receivables

Trade receivables financial assets carried at measured under IFRS 9 are amounts due from customers for products sold the ordinary course of business. They are generally due for settlement within 60-120 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration under IFRS 15 that is unconditional unless they contain significant financing components, when they are recognized at fair value at initial recognition date. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

The Group's trade receivables do not contain any financing component. Therefore, the Group adopted the simplified approach under IFRS 9 and measured the loss allowance based on a provision matrix that is based on historical collection and default experience adjusted for forward looking factors in order to estimate the provision on initial recognition and throughout the life of the receivables at an amount equal to lifetime ECL (Expected Credit Losses). The assessment is performed every six-months and any change in original allowance will be recorded as gain or loss in the income statement. The lifetime ECL allowance and specific loss allowance recorded in the current year are classified as other expenses as the amounts were not material.

Trade and other receivables, together with the associated allowance if any, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If collection is expected in more than one year, they are classified as non-current assets.

Judgements and estimates

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgement to select a variety of methods (including performance of investee, annual budget and plan, external transactions in the investees' equity and enterprise value using future cashflows) and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

iii) Financial liabilities

Financial liabilities of the Group mainly comprise interest-bearing loans and borrowings, trade and other payables.
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Interest-bearing loans

All loans are initially recognised at the fair value of the consideration received, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Government subsidies

In accordance with IAS 20, government grants are recognised only when there is sufficient certainty that all conditions attached to their award will be met and that the grants will be received. Subsidies that meet these criteria are presented as liabilities and are systematically recognised in the profit and loss account over the useful life of the assets to which they relate.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.1. Significant accounting policies (continued)

Provision for warranties to customers it is constituted according to the estimates made by the management and the sales, technical and quality departments regarding the level of repair costs within the warranty period. The level of repair costs over the warranty period shall be determined as a percentage of the turnover of the reporting year.

Restructuring provisions

The implicit restructuring obligation arises where a Group:
- it has a detailed official plan for restructuring in which to be highlighted: the activity or part of the activity to which it refers, the main locations affected, the location, the position and the approximate number of employees who will receive compensation for the termination of their activity, implicit expenses, the date on which the restructuring plan will be implemented
- generated a justified expectation to those affected that the restructuring will be carried out by starting the implementation of that restructuring plan or by communicating its main characteristics to those who will be affected by the restructuring process.

The restructuring provision shall include only direct expense linked to restructuring.

Provisions for employee benefits

Provisions for leaves left unpaid and other provisions according to employment contracts are recorded during the financial year. The Group does not recognize the provision for losses on the operation of assets.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continnued)

Segment reporting

Taking into account that the shares of the Parent Company are traded on the Bucharest Stock Exchange and that it applies IFRS, it is presented in the annual financial statements as well as in the interim reports made according to the IAS 34- Interim Financial Reporting, information about business segments, their products and services and main customers.

According to *IFRS 8 - Business Segments*, a segment of activity is a component of an entity:

- who engages in business activities from which he can obtain income and from which he can bear expenses (including income related to transactions with other components of the same entity);
- the results of which are regularly examined by the entity's main operational decision-maker with a view to deciding on the allocation of resources by segment and evaluating its performance, and
  for which separate financial information is available.

Taking into account the criteria for identifying business segments as well as the quantitative thresholds described in IFRS 8, the Group has identified the following business segments for which it presents the information separately:

- licensed activity – supply and production of electricity.
- unlicensed activity – industrial production and space rental.

Dividends

Dividends are recorded as liabilities in the financial statements of each company in the Group during the period in which they are approved by the shareholders and are reflected accordingly by the decrease in retained earnings.

4.2. Accounting judgments, estimates and assumptions

Consolidated financial statements have been prepared on the basis of historical cost, with the exception of investment property, buildings and lands which are measured at fair value. Historical cost is generally based on the fair value of consideration in exchange for assets.

The preparation of financial statements in accordance with IFRS adopted by the European Union requires management to use estimates and assumptions that affect the application of accounting policies, as well as the reported value of assets, liabilities, income and expenses.

4. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2. Accounting judgments, estimates and assumptions (continued)

The associated estimates and judgments are based on historical data and other factors considered to be eloquent in the given circumstances, and the result of these factors forms the basis of the judgments used in determining the carrying amount of assets and liabilities for which there are no other sources of valuation available. Actual results may differ from estimated values.

Estimates and judgments are reviewed periodically. Revisions of accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the current period and in future periods, if the revision affects both the current and future periods.

Is the effect of the change related to the current period it is recognised as income or expense in the current period. If any, the effect on future periods is recognised as income or expense in those future periods.

The Group's management considers that any differences in these estimates will not have a significant influence on the financial statements in the near future, the prudent person principle being applied for each estimate.

Estimates and assumptions are used mainly for impairment adjustments of fixed assets, estimation of service life usefulness of an asset depreciable, for impairment adjustment of receivables, for provisions, for the recognition of deferred tax assets.

In accordance with IAS 36, intangible and tangible assets are analysed to identify whether they present impairment indications as of the balance sheet date. If the net carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised to reduce the net carrying amount of that asset to the level of its recoverable amount. If the reasons for recognizing the impairment loss disappear during the next periods, the net accounting value is increased until the net accounting value which could have been if no impairment would have been previous recognised.

For non-moving or slow-moving stocks, adjustments are made based on management estimates. The establishment and resumption of adjustments for the depreciation of stocks shall be made quarterly on the reporting data on behalf of the profit and loss account as follows: for non-moving stocks 50% of the total value and for those with slow movement 25%.

Property, plant and equipment are presented at revalued amounts in accordance with IAS 16 and investment property at fair value in accordance with IAS 40.

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

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and land improvements	Constructions	Technological equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Advances for property, plant and equipment	Total
As at 31 December 2022	**171,653,309**	**130,589,322**	**24,351,564**	**3,168,979**	**2,944,533**	**118,354**	**332,826,061**
Inflows, out of which:	-	2,736,958	1,130,299	48,521	4,255,195	256,523	8,427,496
transfers	-	-	-	-	-	-	-
Outflows, out of which:	-	2,736,958	1,130,299	48,521	-	-	3,915,778
transfers	-	-	(81)	(12,908)	(3,980,486)	-	(3,993,475)
determination of the net value for revaluation	-	-	-	-	-	-	-
	-	-	-	-	(3,915,778)	-	(3,915,778)
As at 30 June 2023	**171,653,309**	**133,326,280**	**25,481,782**	**3,204,592**	**3,219,242**	**374,877**	**337,260,082**

Cumulative depreciation

	Land and land improvements	Constructions	Technological equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Advances for property, plant and equipment	Total
As at 31 December 2022	**(143,342)**	**(5,540,942)**	**(11,387,285)**	**(890,138)**	**-**	**-**	**(17,961,708)**
Depreciation of the period							
Accumulated depreciation for outflows, out of which:	(29,734)	(2,764,094)	(1,659,909)	(265,023)	-	-	(4,718,760)
Net value from revaluation	-	-	5	1	-	-	6
	-	-	-	-	-	-	-
As at 30 June 2023 Cost	**(173,076)**	**(8,305,036)**	**(13,047,189)**	**(1,155,160)**	**-**	**-**	**(22,680,461)**

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment adjustments	**Land and land improvements**	**Constructions**	**Technological equipment and vehicles**	**Other property, plant and equipment**	**Property, plant and equipment in progress**	**Advances for property, plant and equipment**	**Total**
As at 31 December 2022	**(4,129,814)**	**-**	**-**	**-**	**-**	**-**	**(4,129,814)**
Impairment adjustments recognized in profit and	(4,129,814)	-	-	-	-	-	(4,129,814)
Reversals of impairment adjustments recognized in profit or loss	-	-	-	-	-	-	-
As at 30 June 2023	**(4,129,814)**	**-**	**-**	**-**	**-**	**-**	**(4,129,814)**
Net book value							
As at 31 December 2022	**167,380,153**	**125,048,380**	**12,964,279**	**2,278,841**	**2,944,533**	**118,354**	**310,734,538**
As at 30 June 2023	**167,350,419**	**125,021,244**	**12,434,593**	**2,049,432**	**3,219,242**	**374,877**	**310,449,807**

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Cost	Land and land improvements	Constructions	Technological equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Advances for property, plant and equipment
As at 31 December 2021	**171,653,309**	**130,458,996**	**22,998,851**	**3,018,516**	**1,295,319**	**329,424,991**
Inflows, out of which:	-	130,326	483,553	94,170	586,829	1,294,878
transfers	-	-	-	-	-	-
Outflows, out of which:	-	-	(15,370)	(779)	(895,084)	(911,233)
transfers						
determination of the net value for revaluation	**171,653,309**	**130,589,322**	**23,467,034**	**3,111,907**	**987,064**	**329,808,636**

Cumulative depreciation	Land and land improvements	Constructions	Technological equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Advances for property, plant and equipment
As at 31 December 2021	**83,874**	**-**	**8,045,713**	**262,844**	**-**	**8,392,431**
Depreciation of the period	29,734	2,778,582	1,703,257	325,899	-	4,837,472
Accumulated depreciation for outflows, out of which:	-	-	(1,414)	(670)	-	(2,084)
Net value from revaluation						
	113,608	**2,778,582**	**9,747,556**	**588,073**	**-**	**13,227,819**
As at 30 June 2022						
Net book value						
As at 31 December 2021	**171,569,435**	**130,458,996**	**14,953,137**	**2,755,672**	**1,295,319**	**321,032,559**
As at 30 June 2022	**171,539,701**	**127,810,740**	**13,719,478**	**2,523,834**	**987,064**	**316,580,817**

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

On June 30, 2023, property plant and equipment decreased by 1% compared to December 31, 2022, mainly as a result of annual depreciation.
Property, pland and equipment entries are represented by the modernization of the parent-Company's headquarters and owned buildings and the purchase of technological equipment.
Outflows of property plant and equipment are scraps.

In order to warrant the guarantee agreements and credit agreements signed with the financing banks, the parent-Company has mortgaged the following assets in favor of the respective banks, as follows:

Name of assets	Carrying amount Juner 30 2023	Carrying amount December 31 2022
- Buildings (cadastral lots no. 13,15) Calea Rahovei, nr. 266-268, 5th District, Bucharest	33,648,425	34,034,181
- Building and land cadastral no 232634 Calea Rahovei, 266-268, 5th District, Bucharest	7,405,452	7,405,505
- Buildings (cadastral lots no. 1-3,9,10,16,18,19,21,23-26) Calea Rahovei, 266-268, 5th District, Bucharest	58,757,212	58,743,414
- Land Calea Rahovei, nr. 242 = 2.157 mp	5,902,198	5,902,198
- MHPP’s (land + industrial and urban constructions)	45,814,878	44,131,098

Within the property, plant and equipment are included assets acquired through government subsidy and used in the licensed activity at one of the small hydropower plants located in the commune of Brodina Suceava County. The remaining value of the investment as of June 30, 2023 is RON 9,408,776, out of which the subsidized value RON 4,002,261. The remaining value of the investment as of December 31, 2022 was RON 9,533,641, out of which the subsidized value RON 4,083,870.

Fair value of property, plant and equipment

The Group's tangible assets, represented by land, buildings, equipment and vehicles, are presented in the financial statements at the revalued value, this representing the fair value at the valuation date, less the accumulated depreciation and impairment adjustments.

The last revaluation was carried out on December 31, 2021, being carried out by an authorized valuer.

This method is recommended for properties, when there is sufficient and reliable data on transactions or offers for sale with similar properties in the area. The analysis of the prices at which the transactions were made or of the prices requested or offered for the comparable properties is followed by the performance of corrections of their prices, in order to quantify the differences between the prices paid, demanded or offered, caused by the differences between the specific characteristics of each property, called comparison elements.

Fair value hierarchy information as at June 30, 2023 and December 31, 2022:

	Level 1	Level 2	Level 3	Fair value at June 30 2023
Land and land improvements	-	-	167,350,419	167,350,419
Constructions	-	-	125,021,244	125,021,244

	Level 1	Level 2	Level 3	Fair value at December 31 2022
Land and land improvements	-	-	167,380,153	167,380,153
Constructions	-	-	125,048,380	125,048,380

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

There were no transfers between fair value levels during both first semester of 2023 and first semester of 2022

6. INVESTMENT PROPERTY

The Group owns real estate used entirely for rent. All lease agreements shall provide for an initial period of at least one year. Subsequent extensions are negotiated with the tenants. The obligations of the parties relating to repairs, maintenance and improvements are set out in the contracts concluded.

These properties are recognised in accordance with IAS 40 as real estate investment. For the presentation of real estate investments in the financial statements, the Group chose the fair value model.

As of June 30, 2023, the investment properties are as follows:

	H1 2023	**2022**
Opening balance	**22,054,243**	**19,355,453**
Additions out of which:	-	2,915,421
from fair value measurement	-	2,691,390
Transfers	-	224,031
Disposals out of which:	-	-216,631
from fair value measurement	-	-216,631
Transfers	-	-
Closing balance	**22,054,243**	**22,054,243**

The Group also owns other rented spaces within buildings used in common with other activities. They are not classified as investment properties because the share of rental income in total income is insignificant. Also, in most situations these spaces cannot be managed separately.

There are no restrictions imposed on the degree of realization of real estate investments or on the transfer of income and proceeds from the sale.

Fair value hierarchy information as at June 30, 2023 and December 31, 2022:

	Level 1	**Level 2**	**Level 3**	**Fair value at June 30 2023**
Investment Property	-	-	22,054,243	22,054,243

	Level 1	**Level 2**	**Level 3**	**Fair value at December 31 2022**
Investment Property	-	-	22,054,243	22,054,243

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

7. INTANGIBLE ASSETS

Intangible assets include software, licenses and various software. They are depreciated by the linear method.
In the statement of financial position are presented at historical cost, less depreciation and any adjustments in value.
Intangible assets have declined mainly due to the amortization of some licenses.
For most intangible assets, useful life spans have been estimated at 3 years.

The situation of intangible assets as at June 30 is as follows:

Cost	Licenses, patent, concessions	Other intangible assets	Intangible assets under construction	Total
As at 31 December 2022	**1,237,821**	**3,397,126**	**-**	**4,634,947**
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
As at 30 June 2023	**1,237,821**	**3,397,126**	**-**	**4,634,947**
Cumulative depreciation				
As at 31 December 2022	**(1,200,328)**	**(2,645,311)**	**-**	**(3,845,638)**
Depreciation of the period	(15,111)	(98,113)	-	(113,224)
Cumulative depreciation related to disaposals	-	-	-	-
As at 30 June 2023	**(1,215,439)**	**(2,743,424)**	**-**	**(3,958,862)**
As at 31 December 2022	**37,493**	**751,815**	**-**	**789,309**
As at 30 June 2023	**22,382**	**653,702**	**-**	**676,086**

Cost	Licenses, patent, concessions	Other intangible assets	Intangible assets under construction	Total
As at 31 December 2021	**1,237,821**	**2,613,010**	**-**	**3,850,831**
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
As at 30 June 2022	**1,237,821**	**2,613,010**	**-**	**3,850,831**
Cumulative depreciation				
As at 31 December 2021	**1,094,992**	**2,612,446**	**-**	**3,707,438**
Depreciation of the period	57,754	97	-	57,851
Cumulative depreciation related to disaposals	-	-	-	-
As at 30 June 2022	**1,152,746**	**2,612,543**	**-**	**3,765,289**
As at 31 December 2021	**142,829**	**565**	**-**	**143,393**
As at 30 June 2022	**85,075**	**467**	**-**	**85,542**

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

8, RIGHT OF USE ASSETS

	Buildings	Vehicles	Total
Cost			
As at 31 December 2022	**-**	**230,821**	**230,821**
Additions	-	23,068	**23,068**
Disposals	-	-	**-**
Transfers	-	-	**-**
As at 30 June 2023	**-**	**253,889**	**253,889**
Cumulative depreciation			
As at 31 December 2022	**-**	**(75,530)**	**(75,530)**
Depreciation of the period	-	(48,614)	**(48,614)**
Cumulative depreciation related to disaposals	-	-	-
As at 30 June 2023	**-**	**(124,144)**	**(124,144)**
Net book value			
As at 31 December 2022	**-**	**155,291**	**155,291**
As at 30 June 2023	**-**	**129,745**	**129,745**

	Buildings	Vehicles	Total
Cost			
As at 31 December 2021	**-**	**263,578**	**263,578**
Additions	-	(3,068)	(3,068)
Disposals	-	-	-
Transfers	-	-	-
As at 30 June 2022	**-**	**260,510**	**260,510**
Cumulative depreciation			
As at 31 December 2021	**-**	**(58,911)**	**(58,911)**
Depreciation of the period	-	(26,441)	(26,441)
Cumulative depreciation related to disaposals	-	29,735	29,735
As at 30 June 2022	**-**	**(55,617)**	**(55,617)**
Net book value			
As at 31 December 2021	**-**	**204,667**	**204,667**
As at 30 June 2022	**-**	**204,893**	**204,893**

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

8. RIGHT OF USE ASSETS (continued)

The following amounts were recognized in the profit and loss account:

	H1 2023	H1 2022
Depreciation expense related to the rights of use of the rented assets	37,188	21,470
Interest on leasing liabilities	2,953	4,826
Expenses related to small-value leasing contracts.	-	-
Total amounts recognized in the profit and loss account	**40,141**	**26,296**

9. OTHER FIXED ASSETS

	June 30 2023	December 31 2022
Performance guarantees granted to customers	2,300,090	2,872,490
Long-term receivables	5,874,760	8,033,108
Impairment adjustments for long-term recievables*	(754,248)	(1,010,831)
Other non-current assets	22,087	33,637
Total	**7,442,690**	**9,928,405**

* The long-term outstanding receivables in net value of RON 5,120,513 as of June 30, 2023, have been discounted at the present value and the effect of time value was worth RON 754,248. The current portion is recognized in trade receivables (Note 11).

10. INVENTORIES

	June 30 2023	December 31 2022
Raw materials	10,419,662	8,349,443
Consumables	2,542,557	2,616,895
Finished products	4,466,880	5,432,527
Work in progress	4,659,657	3,436,021
Other inventories	1,150,911	2,777,658
Adjustments for inventories impairment	(2,581,139)	(2,330,345)
Total	**20,658,528**	**20,282,199**

Other stocks include inventory items, finished products or materials in custody of third parties and advances paid to suppliers of goods.

The movement in inventory impairment allowance is as follows:

	H1 2023	2022
Balance at the beginning of the period	**(2,330,345)**	**(2,272,135)**
Impairment adjustment (expense)	(418,885)	(738,278)
Impairment adjustment reversal	168,091	680,068
End-of-period balance	**(2,581,139)**	**(2,330,345)**

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

10. INVENTORIES (continued)

The adjustments recorded during the reporting period relate to raw materials and materials without movement or slow moving and finished products without movement.

The Group has no pledged inventories.

11. TRADE RECEIVABLES

	June 30 2023	December 31 2022
Trade receivables from Romania	80,413,589	73,877,683
Trade recieveables from abroad	6,212,504	6,255,673
Impairment allowances for trade recievables	(3,663,325)	(3,721,707)
Net Trade Receivables	**82,962,769**	**76,411,649**

The increase in trade receivables on June 30, 2023 compared to December 31, 2022 was due to some of thecontracts related to the state authorities which are not cashed in due time.

The parent Company has established a matrix of provisions based on the experience of historical losses from receivables of the Company, adjusted with prospective factors specific to debtors and the economic environment, if applicable.

The Group evaluates the impairment losses individually if there are indications of significant increases in credit risk at an individual level. More information is presented in Note 28.

The executive management of the parent Company considers that no other adjustments are necessary for impairment losses other than those presented in the financial statements.

The movement within the impairment adjustments for trade receivables is as follows:

	H1 2023	2022
Opening balance	**(3,721,707)**	**(3,589,909)**
Allowance for recievables	(245,668)	(405,766)
Reversal of allowance for recievables	304,050	273,968
Closing balance	**(3,663,325)**	**(3,721,707)**

A part of the parent Company's receivables RON 10,019,920 at June 30, 2023 and RON 10,313,308 at 31 December, 2022 are pledged to guarantee the loans obtained from banks.

12. OTHER CURRENT ASSETS

	June 30 2023	December 31 2022
Debtors	31,440	41,436
Prepayments	1,685,482	873,588
Advances to suppliers	158,975	151,759
Other current assets	580,712	659,000
Total	**2,456,609**	**1,725,783**

12. OTHER CURRENT ASSETS (continued)

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

The Prepayments in the amount of RON 1,685,482 represents mainly rents paid in advance, insurance costs and various subscriptions.

In *Other current assets are* included mainly amounts to be recovered from social health insurance in the amount of RON 397,538.

13. CASH AND CASH EQUIVALENTS

	June 30 2023	December 31 2022
Petty cash	23,506	23,918
Cash at banks	18,409,955	15,591,114
Cash equivalents	954	2,356
Total	**18,434,415**	**15,417,388**

	June 30 2023	December 31 2022
Restricted cash	90,000	90,000
Total	**90,000**	**90,000**

Restricted cash is used to guarantee obligations (collateral cash).

14. SHARE CAPITAL

Share capital subscribed and paid up for the parent Company is worth 67,603,870 lei, composed of 676,038,704 shares with a nominal value of 0.10 lei/share, fully paid up.

The structure of shareholders holding over 10% of the share capital as of June 30, 2023 is as follows, according to the Central Depository Register:

	June 30, 2023		December 31, 2022	
Shareholder	**No. Of shares**	**%**	**No. Of shares**	**%**
PAS Association	163.074.260	24,1220	163,074,260	24.1220
Infinity Capital Investments Co.	190.381.673	28.1614	190,381,673	28.1614
Individuals	245.238.050	36.2757	247,173,583	36.5620
Legal persons	77,344,721	11.4409	75,409,188	11.1546
Total	**676.038.704**	**100**	**676,038,704**	**100**

None of the shareholders has control over the relationship with the Group.

The Group does not hold bonds, redeemable shares or other portfolio securities.

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

15. RESERVES

Legal reserve

	H1 2023	2022
Balance at the beginning of the period	**12,563,922**	**19,811,834**
Increases	-	1,401,865
Decreases	-	(8,649,877)
Balance at the end of the period*	**12,563,922**	**12,563,922**

* According to the Romanian legislation, companies must distribute an amount equal to at least 5% of the profit before tax, in legal reserves, until they reach 20% of the share capital. When this level has been reached, the company may make additional allocations only from the net profit. The legal reserve is deductible up to a rate of 5% applied to the accounting profit, before determining the corporate tax.

During the reporting period no legal reserve was registered

Net revaluation reserves are in amount of RON 125,333,039 as of June 30, Compared to the balance of the beginning of the period, they decreased and were transferred to the retained earnings as the depreciation of the revalued fixed assets was recognised.

	H1 2023	2022
Balance at the beginning of the period	**127,080,786**	**130,640,518**
Increases	-	-
Other elements	-	4,149
Decreases	(1,747,748)	(3,563,879)
End-of-period balance	**125,333,039**	**127,080,786**

The Group registers on June 30, 2023 *other reserves and equity items* amounting to RON 81,327,946, out of which own sources of financing represent 98%.

	HI 2023	2022
Balance at the beginning of the period	**59,328,629**	**67,949,273**
Increases	21,999,317	247,898
Other elements	-	(2,988)
Decreases	-	(8,865,555)
End-of-period balance	**81,327,946**	**59,328,629**

During The Ordinary General Assembly of Shareholders of April 28, 2023 for the mother Company, it was approved the 2022 profit distribution Ron 3,380,194 to dividends and RON 20,449,034 to other reserves as financing resources

16. RETAINED EARNINGS

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

On June 30, 2023, the carried forward result has the value of RON 105,439,915. The final balance was influenced by the transfer of net revaluation reserves related to depreciated or decommissioned assets was RON 1,747,748, the profit recorded in the first semester of 2023 (RON 8,430,014i) and the distribution of the previous year's result according to the AGOA decision of April 28, 2023 (RON 20,449,034 as other reserves, RON 1,401,865 as legal reserves and RON 3,380,194 as dividends).

17. INVESTMENT SUBSIDIES

	Total	under one year	over a year
Government subsidies as at 30 June 2023	4,002,261	163,219	3,839,042

	Total	under one year	over a year
Government subsidies as at 31 December 2022	4,083,869	163,219	3,920,651

In 2012, the parent-Company benefited from an investment subsidy of 5,997,788 lei granted for the modernization of the small hydropower plant from Brodina 2 (Suceava), which is transferred to income simultaneously with the registration of the depreciation of the fixed assets purchased within this project. The net book value of the fixed assets acquired through this subsidy are presented in Note 5.

18. PROVISIONS

Name	Balance 01.01.2023	INs (creation)	OUTs (reversals)	Balance 30.06.2023
Provisions for performance guarantees to customers	775,000	-	-	775,000
Provisions for risks and charges	31,440	-	-	31,440
Provision for employee benefits	1,441,690	2,136	(952,444)	491,382
TOTAL	**2,248,130**	**2,136**	**(952,444)**	**1,297,822**

The Group has concluded contracts for the delivery of lighting fixtures with warranty clause for long periods, respectively 2 to 4 years. The contracts do not provide for a percentage or an amount for the performance guarantee, the provision for which shall be calculated on the basis of the analysis of the history of the costs incurred with the products within the guarantee period.

The provision for employee benefits refers to the amount of holidays not taken in the previous year.

19. TRADE AND OTHER PAYABLES

	June 30 2023	December 31 2022
Current trade payables		
Domestic trade payables	5,780,777	8,542,977
External trade payables	6,003,124	4,974,114
Accruals	5,995,492	3,519,791
Other current payables		
Advances received from customers	2,369,939	3,180,259
Salaries and social security payables	3,526,025	3,425,097
Accrued income	427,575	44,047
Other payables	11,624,033	8,681,070
Total trade and other payables	**35,726,964**	**32,367,355**

19. TRADE AND OTHER PAYABLES (continued)

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

The liabilities are recorded at face value and are recorded in the analytical accounts for each natural or legal person. Foreign currency liabilities were assessed on the basis of the exchange rate in force at the end of the year and exchange differences were recognised as income or expense of the period.
The Group does not register significant outstanding liabilities.

The Group does not register overdue payments to employees and to the state budget, the amounts presented represent payables related to June 2023 and with due date of July 2023.

The Group does not have long-term loans taken out as of June 30, 2023.

The parent-Company has approved several credit agreements as of June 30, 2023 They are presented in Note 29 to the enclosed financial statements.

Other liabilities are made up of guarantees received from tenants, VAT payable, other taxes and duties

The guarantees received from tenants and those withheld from suppliers on June 30, 2023 are amounting to RON 3,637,175 and will be settled according to the contractual clauses.

	Total	**Sub un an**	**Peste un an**
Garanţii primite 30 iunie 2023	3,637,175	2,965,991	671,184
	Total	**Sub un an**	**Peste un an**
Garanţii primite 31 decembrie 2022	3,615,027	2,914,850	700,176

20. REVENUES

H1 2023

REVENUE FROM CONTRACTS WITH CUSTOMERS	**Licensed activity**	**Unlicensed activity**
Revenue from the production of electricity from renewable sources and from the supply of electricity	43,734,774	-
Revenues from product sales (LED lighting fixtures, electric vehicle charging stations, plastic injections and moulds, electroc equipment, railway safety elements)	-	30,937,442
Revenues from services rendered (complex works of design, delivery and installation of LED lighting systems and electric vehicle charging station)	-	17,326,169
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	**43,734,774**	**48,263,611**
RENTAL INCOME	**-**	**14,800,662**
TOTAL REVENUE	**43,734,774**	**63,064,273**

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

20. REVENUES (continued)

H1 2022

REVENUE FROM CONTRACTS WITH CUSTOMERS	**Licensed activity**	**Unlicensed activity**
Revenue from the production of electricity from renewable sources and from the supply of electricity	53,619,088	-
Revenues from product sales (LED lighting fixtures, electric vehicle charging stations, plastic injections and moulds, electroc equipment, railway safety elements)	-	29,122,816
Revenues from services rendered (complex works of design, delivery and installation of LED lighting systems and electric vehicle charging station)	-	15,854,716
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	**53,619,088**	**44,977,532**
RENTAL INCOME	-	**11,021,239**
TOTAL REVENUE		
REVENUE FROM CONTRACTS WITH CUSTOMERS	**53,619,088**	**55,998,771**

<u>The moment of recognition of revenues from contracts with customers</u>

H1 2023

	Licensed activity	**Unlicensed activity**
Goods and services transferred at a point in time	-	30,937,442
Goods and services transferred over time	43,734,774	17,326,169
Total revenue from contracts with customers	**43,734,774**	**48,263,611**

H1 2022

	Licensed activity	**Unlicensed activity**
Goods and services transferred at a point in time	-	29,122,816
Goods and services transferred over time	53,619,088	15,854,716
Total revenue from contracts with customers	**53,619,088**	**44,977,532**

Most of the revenues are generated in Romania,

The disaggregation of revenue at product level is as follows:

	H1 2023	**H1 2022**
Electric vechicle charging stations	5,904,571	4,273,344
Electric equipment	9,988,071	7,090,411
Railway traffic safety elements	3,553,879	3,365,082
Plastic injection and moulds	4,028,452	6,645,665
LED lighting fixtures	23,860,308	20,797,615
Others	928,328	2,805,415
TOTAL	**48,263,611**	**44,977,532**

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

20. REVENUES (continued)

OTHER NET INCOME

	H1 2023	H1 2022
Revenues from green certificates	884,560	1,118,076
Revenue/(expense) related to provisions	950,308	377,708
Net exchange rate difference	(79,439)	13,913
Other net income	347,833	137,047
TOTAL	**2,103,262**	**1,646,744**

21. EXPENSES

	H1 2023	H1 2022
Material expenses	**53,740,784**	**63,909,636**
- Expenses on raw materials and consumables	27,463,487	30,000,461
- Expenses on goods acquisitions	21,579,497	28,937,583
- Expenses on energy, water, gas	4,697,800	4,971,592
Expenses on employees	**22,116,241**	**18,815,680**
- Employees costs	13,155,652	11,400,965
- Other staff costs	8,960,589	7,414,715
Other expenses	**25,854,404**	**13,659,197**
- Postal expenses	201,196	183,952
- Maintenance and repair costs	221,685	187,527
- Rent costs	265,288	186,964
- Advertising and entertainment expenses	103,076	76,618
- Insurance costs	343,888	274,990
- Travel and journey costs	551,644	594,477
- Expenses on subcontracted works	1,607,814	3,642,424
- Expenses other taxes and fees	938,682	850,062
- Expenses related to consultants and collaborators	659,832	478,908
- Expenses on green certificates	740,589	911,791
- Other operating expenses	5,940,108	6,271,485
- Trade energy tax - he transition fund	14,280,601	-
Depreciation and depreciation expenses	**4,899,649**	**4,916,794**
- Depreciation expenses	4,899,649	4,916,794
Total expenses	**106,611,078**	**101,301,307**

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

22. FINANCIAL EXPENSES

	H1 2023	H1 2022
- Interest expense	1,469	465,397
- Bank fees	224,686	284,040
- Leasing interest expenses	3,597	5,070
Total financial expenses	**229,752**	**754,507**

23. PROFIT TAX

Corporation tax is recognised in profit or loss:

	June 30 2023	June 30 2022
Current profit tax		
Current income tax expense	1,790,799	972,875
Deferred corporate tax		
Deferred tax revenue	(230,675)	(288,807)
	1,560,124	**684,068**

Reconciling profit before tax with income tax expense in the profit and loss account:

Indicator	June 30 2023	June 30 2022
Net profit	**8,353,495**	**17,726,450**
Deductions	(2,840,591)	(788,031)
Non-taxable income	(2,079,149)	(1,997,140)
Non-deductible expenses	7,852,489	7,056,357
Taxable Profit / Tax Loss	11,286,244	21,997,636
Fiscal loss from previous years	-	(15,917,168)
Current profit tax	1,805,799	972,875
Corporate tax reduction	(15,000)	-
Income tax due at the end of the period	**1,790,799**	**972,875**

The analysis of the deferred corporate tax for the current period is presented below:

H1 2023	Opening balance 1 January 2023	Recognised in the profit or loss account (income)/ Expense	Recognized in other elements of other comprehesive income	Closing balance 30 June 2023
Property, plant and equipment	23,344,959	(418,548)	-	22,926,411
Allowances for impairment of fixed assets	660,770	-	-	660,770
The effect of the time value of money (receivables)	(287,791)	50,684	-	(237,107)
Allowances for trade recievables	(469,415)	38,187	-	(431,228)
Allowances for inventories	(372,855)	(40,127)	-	(412,982)
Provisions for employee benefits	(222,864)	144,243	-	(78,621)
TOTAL	**22,652,804**	**(225,561)**	**-**	**22,427,244**

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

23. PROFIT TAX (continued)

H1 2022	Opening balance 1 January 2022	Recognised in the profit or loss account (income)/ Expense	Recognized in other elements of other comprehesive income	Closing balance 30 June 2022
Property, plant and equipment	24,930,405	(353,334)	-	24,577,070
Allowances for impairment of fixed assets	(377,555)	23,691	-	(353,864)
The effect of the time value of money (receivables)	(448,332)	10,763	-	(437,569)
Allowances for trade recievables	(329,268)	(66,147)	-	(395,415)
Allowances for inventories	(232,926)	96,221	-	(136,705)
TOTAL	**23,318,956**	**54,403**	**-**	**23,253,517**

The deferred profit tax on property, plant and equipment resulted from different accounting and fiscal depreciation periods and the surplus recorded as a result of the revaluation.

24. AVERAGE NUMBER OF EMPLOYEES

The average number of employees has evolved as follows:

	June 30 2023	June 30 2022
Group	406	427
Parent-Company	360	379

The expenses on salaries and taxes related to the employees are as follows:

	H1 2023	H1 2022
Salaries expenses	**13,155,652**	**11,400,965**
- of which the mother-Company	12,260,168	10,592,239
Other expenses related to employees	**8,960,589**	**7,414,715**
- of which the parent-Company	8,196,346	6,768,211
Total	**22,116,241**	**18,815,680**
- of which the mother-Company	20,456,514	17,360,450

The Group does not have a staff pension program specifically contributing to the national pension program according to the legislation in force

25. TRANSACTIONS WITH RELATED PARTIES

On June 30, 2023 and December 31, 2022 respectively, the Group had no affiliated parties outside the subsidiaries included in the consolidation. The balances and the transactions with them were eliminated for the purpose of drawing up the consolidated financial statements.

Remuneration of key management

The remuneration of directors and other management members in H1 2023 and H1 2022 was as follows:

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

25. TRANSACTIONS WITH RELATED PARTIES (continued)

	June 30 2023	June 30 2022
Management remuneration	1,744,607	1,324,011
Management compensation	603,084	-
Bonus management	-	-
Board of Directors Benefits	558,222	439,620
Board of Directors Bonuses	144,160	-
Total	**3,050,073**	**1,763,631**

The Group has no contractual obligations to former directors and directors and has not granted advances or loans to current directors.

The Group has no future obligations of the nature of guarantees on behalf of the directors.

26. EARNING PER SHARE

Basic Earning per Share

During the reporting period, there were no changes in the share capital structure. The profit or loss per share is that presented in the statement of profit or loss and other comprehensive income. It was calculated as the ratio between the net profit related to ordinary shares and the weighted average of ordinary shares in circulation.

Diluted Earning per Share

For the calculation of the diluted earnings per share, theGroupdjusts the result attributable to the ordinary shareholders of the parent company and the weighted average of the shares in circulation with the effects of all ordinary shares potentially diluted.

For the H1 2023 and 2022 the Group records the result per share equal to the result per share diluted as there are no certain securities that allow them to be converted into ordinary shares at some point in the future.

27. INFORMATION BY SEGMENT OF ACTIVITY

The Group used as an aggregation criterion for reporting by activity segments the nature of the regulatory environment and identified the following business segments for which it presents the information separately:

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

The aggregation criterion is based on the license required to carry out activities as well as the conditions imposed by it, including the presentation of separate financial statements. The electricity generation and supply activities have been aggregated, taking into account the fact that they represent an integrated process for a part of their operations.

Segment information is reported based on the Group's activities. Segment assets and liabilities include both items directly attributable to those segments and items that can be allocated on a reasonable basis.

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

27. INFORMATION BY SEGMENT OF ACTIVITY (continued)

1st Semester 2023	Unlicensed activity	% Total company	Licensed activity	% Total company	Total company
Net profit	4,511,022	54	3,842,474	46	8,353,495
Total assets	386,184,805	83	79,080,087	17	465,264,892
Total liabilities	46,598,365	72	18,215,392	28	64,813,757
Customer revenue	63,064,273	59	43,734,774	41	106,799,047
Depreciation and amortization	3,866,014	79	1,033,635	21	4,899,649

1st Semester 2022	Unlicensed activity	% Total company	Licensed activity	% Total company	Total company
Net profit	(94,879)	n/a	17,821,329	100	17,726,450
Total assets	378,643,118	83	78,402,069	11	457,045,187
Total liabilities	49,850,508	71	20,415,798	29	70,266,306
Customer revenue	66,847,244	55	53,619,088	77	120,466,332
Depreciation and amortization	3,798,454	78	1,118,340	23	4,916,794

Main products and production structure

The company benefits from a variety of technologies and equipment that allows obtaining a diversified nomenclature of products. The share of the main product groups in the turnover related to production (excluding services) is the following:

- LED lighting fixtures, systems and solutions
- Electric vehicle charging stations
- Low voltage electrical equipment
- Injection of plastics and molds
- Railway traffic safety features
- Production of electricity from renewable sources

Other activities:

- Electricity supply service
- Rental and utilities supply services

28. RISK MANAGEMENT

General framework for risk management

The Board of Directors of the parent-Company has general responsibility for the establishment and supervision of the risk management framework at the level of the company.

The activity is governed by the following principles:

a. the principle of delegation of authorities;
b. the principle of decision-making autonomy;
c. the principle of objectivity;
d. the principle of investor protection;
e. the principle of promoting the development of the stock market;
f. the principle of active involvement.

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

28. RISK MANAGEMENT (continued)

The Board of Directors is also responsible for examining and approving the strategic, operational and financial plan of the Group, as well as the corporate structure of the Group.

The Group's risk management policies are defined in such a way as to ensure the identification and analysis of the risks faced by the Company, the establishment of appropriate limits and controls, as well as the monitoring of risks and compliance with the established limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the Group's activities. The Group, through its standards and procedures of training and management, aims to develop an orderly and constructive control environment, within which all employees understand their roles and obligations.
The internal audit of the parent-Company supervises the way in which the management monitors the compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks it faces.
The activities carried out by the Group expose it to a series of financial risks: market risk (including exchange rate risk, interest rate risk, price risk), credit risk and liquidity risk.

The Group is exposed to the following risks:

Capital risk management

Capital risk management aims to ensure the ability of the Group to carry out its activity in good conditions through an optimization of the capital structure (equity and debts). In the analysis of the capital structure, the cost of capital and the risk associated with each class are monitored. In order to maintain an optimal capital structure and a proper degree of indebtedness, the mother-company has proposed to the shareholders in recent years an adequate dividend policy, which would ensure its own sources of financing. The absence of financing sources may limit the expansion of the company in the segments of the market where the sale is supported by the provision of commercial facilities.

The Group monitors capital based on the degree of indebtedness. This indicator is calculated as the ratio between net debt and total capital committed. Net liability is calculated as the sum of total loans (including lease liability in accordance with IFRS 16) and total suppliers and other liabilities (as presented in the statement of financial position) less cash and cash equivalents. Total committed capital is determined as the sum between net liability and equity (as shown in the financial position).

The indebtedness at 30 June 30 2023 was as follows:

	June 30 2023	**December 31 2022**
Total long-term and short-term liabilities	64,780,775	62,210,696
None: Cash and Cash Equivalents	(18,434,416)	(15,417,388)
Total	**46,346,359**	**46,793,311**
Equity	**400,451,135**	**395,458,316**
Leverage ratio	**0.116**	**0.118**

Market risk

Market risk includes: the risk of changing the interest rates, the exchange rate, the purchase price of the goods and the sale of the goods.

Currency risk management

The Group is exposed *currency risk* due to the fact that the supply of materials is mostly made of import and that the share of export has increased. In order to limit the effect of foreign exchanges, the calendar of payments was correlated with that of foreign currency receipts, the Group achieving, as a rule, a cash-flow surplus. The Group permanently monitors and manages the exposure to the exchange rate change.

The exposure to foreign exchange risk of the Group results from:

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

28. RISK MANAGEMENT (continued)

- transactions (sales / purchases) in foreign currencies;
- commitments
- monetary assets and liabilities (especially receivables, commercial debts)

The foreign currencies most often used in transactions are EUR, USD and MDL.
Foreign currency assets are represented by customers and available in foreign currency. Foreign currency liabilities are represented by suppliers.

The book value of the Group’s monetary assets and liabilities denominated in foreign currencies at the reporting date was as follows:

Denomination currency	**EUR**	**USD**	**MDL**	**Total**
Functional currency	**RON**	**RON**	**RON**	**RON**
30 June 2023	**EUR**	**USD**	**MDL**	**Total**
Total monetary assets	8,626,717	641,690	83,788	9,352,195
Total monetary liabilities	5,159,444	806,508	-	5,965,952
31 December 2022	**EUR**	**USD**	**MDL**	**Total**
Total monetary assets	6,451,603	544,964	81,892	7,078,459
Total monetary liabilities	4,785,951	188,165	-	4,974,116

Exchange rate sensitivity analysis

An appreciation/(depreciation) of RON against EUR and USD, as indicated below, at December 31, would increase/(decrease) the profit or loss and the equity with the amounts presented below (without the impact in the corporate tax):

Denomination currency	**EUR**	**USD**
Functional currency	**RON**	**RON**
Change in exchange rate	+/- 10%	+/- 10%
30 June 2023		
Statement of profit and loss	346,727	35,221
Other equity	-	-
31 December 2022		
Statement of profit and loss	166,565	35,680
Other equity	-	-

This analysis shows the exposure to the risk of translation at the end of the year; however, the exposure during the year is continuously monitored and managed by the Group.

Interest risk management

Risk with regard to *change in interest rates* it is kept under control due to the investment policy of the company from its own sources of financing, which leads to the use of credit lines only for short periods.

As of June 30, 2023, the Company has not concluded medium or long-term loans, holding only credit lines that can be accessed if necessary depending on the temporary cash deficit recorded.

The interest rates for the Group's loan facilities are based on ROBOR because they are financing lines in RON.
The credit lines were fully covered during 2023 and at the end of the period there was no balance to be repaid in the future.

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

28. RISK MANAGEMENT (continued)

Credit risk management

The credit risk consists in the event that the contracting parties violate their contractual obligations leading to financial losses for the Group. The Group is exposed to credit risk arising from its operational activities, especially commercial activities (Note 11) and from financial activities that include deposits with banks

Receivbles

Trade receivables come from clients who operate in various fields of activity and in different geographical areas. To counteract this risk factor, the Group applied restrictive policies for the delivery of products to uncertain customers. Insurance policies were contracted for foreign market receivables. Due to the increased incidence of insolvency cases in the economy, there is a concrete risk regarding the recovery of the value of the products and/or services provided prior to the declaration of insolvency. The Group pays increased attention to the creditworthiness and financial discipline of the contractual partners. The Group has adopted the policy of transacting only with reliable partners. Exposure to credit risk is controlled by the permanent monitoring of each debtor. The Group constantly evaluates their credit risk, taking into account their financial performance and payment history.

The credit risk profile of commercial receivables is presented based on their maturity in terms of the impairment adjustment matrix. This matrix is initially based on the observed historical non-payment rates of the parent-Company, adjusted with prospective factors specific to debtors and the economic environment, when appropriate. Trade receivables are generally within 30-120 days.

Current trade receivables			**June 30, 2023**
Time limits	**Balance**	**Depreciation expense**	**Expected credit loss (%)**
Current (not overdue)	33,674,722	(43,328)	0.13%
1 – 30 days	3,134,958	(11,812)	0.38%
31 – 60 days	1,520,182	(30,940)	2.04%
61 – 90 days	1,326,163	(73,918)	5.57%
90 – 180 days	5,579,247	(77,429)	1.39%
Over 180 days	22,227,378	-	0%
Total receivables analyzed globally	**67,462,649**	**(237,427)**	
Receivables for licensed activities	5,489,447	(1,245)	-
Receivables for unlicensed activities with state authorities	10,977,012	(727,667)	6.63%
Individually analyzed receivables	2,696,986	(2,696,986)	100%
Total receivables individually analysed	**19,163,445**	**(3,425,898)**	
Total	**86,626,094**	**(3,663,325)**	

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

28. RISK MANAGEMENT (continued)

Current trade receivables **December 31, 2022**

Time limits	Gross balances	Depreciation expense	Expected credit loss (%)
Current (no overdue)	35,241,713	-	0.02%
1 – 30 days	5,394,679	-	0.07%
31 – 60 days	4,671,198	-	0.40%
61 – 90 days	632,318	-	0.72%
90 – 180 days	3,288,551	-	1.54%
Over 180 days	14,061,446	-	1.54%
Total receivables analyzed globally	**63,289,907**	**-**	
Receivables for licensed activities	7,273,081	-	-
Receivables for unlicensed activities with state authorities	6,636,523	(787,862)	11,87%
Individually analyzed recievables	2,933,845	(2,933,845)	100%
Total receivables individually analysed	**16,843,449**	**(3,721,707)**	
Total	**80,133,356**	**(3,721,707)**	

Financial instruments and deposits

The credit risk resulting from the transactions with the banks is managed by the specialized department within the Group. The investment of excess liquidity is done only with approved banks.
It is estimated that there is no significant exposure from the possible non-fulfilment of contractual obligations by counterparties in respect of financial instruments.

Liquidity risk management

The treasury function of the Group prepares forecasts regarding the liquidity reserve and maintains an adequate level of credit facilities so that it can prudently manage liquidity and cash-flow risks. At the same time, the investments were limited to their own sources of financing and to those that have a direct contribution to the turnover. The liquidity and cash-flow risk management policy adapts to the new, more demanding commercial practices. This risk is closely related to the risks presented above.
Below is the statement of claims and liabilities according to maturity:

	June 30 2023	0 - 1 year	1 - 2 years	2 - 5 years	Over 5 years
Trade and other receivables	92,155,803	84,713,113	5,397,767	2,044,923	-
Trade and other payables	37,086,430	36,371,143	538,155	177,132	-
Net position	**55,069,373**	**48,341,970**	**4,859,612**	**1,867,791**	**-**

	December 31 2022	0 - 1 year	1 - 2 years	2 - 5 years	Over 5 years
Trade and other receivables	88,236,050	78,307,645	5,478,114	4,450,290	-
Trade and other payables	33,225,894	32,442,765	745,412	37,717	-
Net position	**55,010,156**	**45,864,880**	**4,732,702**	**4,412,573**	**-**

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

28. RISK MANAGEMENT (continued)

Categories of financial instruments

	H1 2023	2022
Financial assets		
- **amortized cost**		
Short and long term trade receivables	92,155,803	88,236,050
Cash and cash equivalents	18,434,416	15,417,388
Total	**110,590,219**	**103,653,438**

	H1 2023	2022
Financial liabilities		
- **amortized cost**		
Trade and other payables	36,952,908	33,067,531
Short- and long-term leasing liabilities	133,522	158,363
Financial liabilities	**37,086,430**	**33,225,894**

The carrying amount of trade liabilities and receivables approximates the fair value at 30 June 2023 and 31 December 2022 respectively. Most of the receivables are short-term, and the effect of the time value of money is not significant.

29. COMMITMENTS AND POTENTIAL LIABILITIES

Commitments

As of June 30, 2023 the mother-Company has commitments granted by four financing banks as follows:

- for bank loans in the form of overdrafts for working capital in the amount of RON 57,000,000;
- non-cash guarantee agreements in the amount of RON 30,000,000.

As of June 30, 2023, the mother-Company had at its disposal an amount of RON 57,000,000 from the loan facilities contracted with the banks.

As of June 30, 2023, the mother-Company had at its disposal the amount of RON 26,339,789 as unused, from the non-cash facilities for letters of guarantee.

According to the current loan agreements, the mother-Company is subject to the fulfillment of certain conditions imposed by the banks. On June 30, 2023, the Company complied with all the financial indicators imposed in the financing contracts.

The commitments granted to the mother-Company are guaranteed with accounts opened with the creditor banks, receivables (amounting to RON 10,019,920), collateral deposits in the amount of RON 90,000, tangible assets (land, buildings) amounting to RON 151,528,165 (Note 5).

The commitments received from customers and tenants in the form of letters of guarantee as of June 30, 2023, are worth 1,191,830 lei according to the contractual clauses.

Litigation

The disputes in which the company is involved are of values that are not of a nature to affect the financial stability of the company.

30. SUBSEQUENT EVENTS

Although the military operation in Ukraine is ongoing, it did not have a major impact on the Group's activity, trading volumes, cash flows and profitability.

As of the date of these interim financial statements, the Group/Company continues to meet its obligations as they fall due and therefore continues to apply the going concern principle as a basis for the preparation of the financial statements.

The management has no knowledge of events, economic changes or other factors of uncertainty that could significantly affect the Group's income or liquidity, other than those mentioned.

These consolidated financial statements have been approved for issue by management on August 10, 2023:

EUGEN SCHEUŞAN	**CRISTINA FLOREA**
General Manager	**Chief Financial Officer**

Statement of persons in charge

In accordance with the provisions of Art. 67 of Law 24/2017 regarding issuers of financial instruments and market operations, the undersigned Eugen Scheusan - General Manager, as legal representative and Cristina Florea, as Chief Financial Officer of Electromagnetica SA, based in Calea Rahovei, 266-268, 5th District, Bucharest, registered at the Trade Registry with no. J40/19/1991, fiscal identification code RO 414118, we declare that we assume responsibility for the preparation of the 2023 individual and consolidated half-yearly financial statements and confirm that, to the best of our knowledge, the half-yearly financial statement is prepared in accordance with the applicable accounting standards:

a) provides a correct and true picture of the assets, liabilities, financial position, profit and loss account of the company and its subsidiaries included in the consolidation process of the financial statements;
b) presents the information about the issuer correctly and completely.

General Manager
Eugen Scheusan

Chief Financial officer
Cristina Florea