

Quarterly report for the third quarter

Quarterly report according to Financial Supervisory Authority Regulation no. 5/
2018 – Appendix 13

Date of report: 12.11.2021

Name of the Company - Prefab S.A.

Registered Office - Bucuresti, Dr. Iacob Felix, nr. 17 - 19, et.2, sector 1

Premises: Calarasi, str. Bucuresti, nr. 396.

Phone/Fax no.: 021-3315116/ 021-3305980

Tax Identification no. with Trade Registry Office RO1916198

Trade Registry Registration no.: J40/9212/2003

Subscribed and paid in share capital: 24.266.709,5 lei

Regulated market where the issued securities are traded: Bucharest Stock Exchange,
Standard category

The main characteristics of the securities issued - the company has issued a number of
48.533.419 registered shares each with a nominal value of 0,5 lei, dematerialized

Accounting standard applied: International Financial Reporting Standards

A. Economic and financial indicators

Name of indicator	Calculation	Result
1. Current liquidity indicator	Current (circular) assets/ Current liabilities	$50.275.323/33.581.445=1.5$
2. Indebtedness indicator	Borrowed capital (t0+t1)/ Own capital (t0=t1)	$[(46.044.894+40.345.054)/2]/ [(209.998.456+215.237.893)/2]=0.20$
3. Rotation speed of debits - customers	Customers medium balance/ turnover x 270	$[(30.228.394+30.266.022)/2] / 73.383.494 \times 270=111$
4. Rotation speed of fixed assets	Turnover/ Fixed assets	$73.383.494/208.789.270=0.35$

B. Other information**1. Economic and financial statement****a. STATEMENT OF FINANCIAL POSITION - lei**

	01.01.2021	30.09.2021
Tangible assets	211.752.496	205.623.367
Intangible assets	14.798	30.590
Investment property	2.959.000	2.959.000
Investments in affiliates	168.969	168.969
Biological assets	8.121	7.344
TOTAL INTANGIBLE ASSETS	214.903.384	208.789.270
Stocks	14.244.880	19.721.876
Trade receivables and other receivables	30.228.394	30.266.022
Cash and cash equivalents	753.664	287.425
Other assets (Prepayments)	431.330	658.060
TOTAL CURRENT ASSETS	45.658.268	50.933.383
1. TOTAL ASSETS	260.561.652	259.722.653
Share capital	24.266.709	24.266.709
Other components of share capital	(470.673)	(470.673)
Share premium	14.305.342	14.305.342
Revaluation reserves	117.173.624	117.173.624
Reserves	39.481.861	40.803.271
Retained earnings except that from the adoption for the first time of IAS 29	9.552.175	9.552.175
Profit at the end of the reporting period	6.104.836	9.607.445
Distribution of profit	415.418	0
2. TOTAL EQUITY	209.998.456	215.237.893
Long term loans	10.986.384	6.292.936
Trade debts - suppliers	0	0
Other debts including long-term tax	470.673	470.673
TOTAL LONG-TERM LIABILITIES	11.457.057	6.763.609
Trade payables and other payables	8.987.837	13.221.268
Short term loans	25.600.000	20.360.177
TOTAL SHORT-TERM LIABILITIES	34.587.837	33.581.445
Subsidies for investment	4.518.302	4.139.706
3. TOTAL LIABILITIES	260.561.652	259.722.653

b. STATEMENT OF REVENUE AND EXPENDITURE - lei

	30.09.2020	30.09.2021
NET TURNOVER	73.132.624	73.383.494
Variation of finished products stocks and production in progress	-1.009.768	5.424.490
Revenue from production of tangible assets	0	28.469
Other revenue	1.308.699	710.090
OPERATING REVENUES - TOTAL	73.431.555	79.546.543
Raw materials and consumables used	26.407.570	30.541.782
Other material expenses	1.759.805	1.857.868
Other external expenses (for energy and water)	5.855.994	10.225.319
Expenses on goods	46.345	24.575
Trade discounts received	(232.412)	(37.897)
Staff costs, out of which:	10.101.678	12.678.766
- Wages and allowances	9.870.429	12.403.317
- Expenses on social security and welfare	231.249	275.449
Value adjustments on intangible and tangible assets, property investments and biological assets measured at cost	7.008.886	7.064.004
Expenses	7.008.886	7.064.004
Revenues		
Value adjustments on current assets	496.687	0
- Expenses	496.687	0
- Revenues	0	0
Other operating expenses, out of which:		
- Expenses on external supply	4.411.611	5.429.867
- Expenses with other taxes, fees and similar payments	3.348.960	4.402.542
- Other expenses	923.592	909.210
	139.059	118.115
OPERATING EXPENSES - TOTAL	55.856.164	67.784.284
OPERATING PROFIT OR LOSS	17.575.391	11.762.259
Income from exchange rate differences	35.187	63.961
Interest income + other financial income	305.387	42
FINANCIAL REVENUE	340.574	64.003
Interest expenses	1.766.834	849.767
Other financial expenses	139.449	112.761
FINANCIAL EXPENSES	1.906.283	962.528

FINANCIAL PROFIT OR LOSS	(1.565.709)	(898.525)
TOTAL REVENUE	73.772.129	79.610.546
TOTAL EXPENSES	57.762.447	68.746.812
GROSS PROFIT	16.009.682	10.863.734
Tax revenue	2.302.925	1.193.289
NET PROFIT	13.706.757	9.670.445

EXPLANATORY NOTES to the interim individual statements prepared on 30.09.2021

The political crisis against the background of the health crisis caused by SARS-COV-2, accentuated the negative influences on the economic environment. In the second year since the outbreak of the pandemic, which caused a special situation that the economic environment no longer faced, the company paid more attention and acted prudently in the managerial act.

Overall, the construction sector faces many problems and if at certain intervals there were increases, they had an oscillating trend, caused by the evolution of the number of cases of infection, the measures imposed by the authorities to prevent diseases, the actual demand for construction materials from the market and the allocation of funds by the authorities for infrastructure works.

In these conditions, on 30th September 2021, compared to the same period of 2020, there is a maintenance in the same parameters of the demand in the market of construction materials, especially for AAC products and tubes.

Regarding the market for precast reinforced concrete and prestressed concrete, electric poles, highway elements, prefabricated parts for hyper or supermarkets, beams for road bridges, it is still affected by the lack of large projects for national infrastructure and lack of labor qualified, the market remaining at the same low level especially due to financial blockages in the national investment field.

The economic climate is still characterized by excessive and changing taxation, cumbersome legislation, exaggerated bureaucracy in obtaining permits and authorizations necessary for operation, currency risk with influence in the price of raw materials and materials.

Turnover recorded on 30.09.2021 is growing by 0.34 % compared to the one registered on 30.09.2020.

The operating result registered on 30.09.2021 is in the amount of 11.762.259 lei, compared to 17.575.391 lei, registered on 30.09.2020, in decreasing compared to the same period of the previous year. The decrease is due to the increase in prices for the main raw materials, fuel, gas, electricity and the increase in labor costs.

Financial result recorded on 30.09.2021 is -898.525 lei, compared to -1.565.709 lei registered in the same period of the year 2020, a decrease due to the decrease of bank debts.

The value of fixed assets decreased by 2.85 %, from 214.903.384 lei (31.12.2020) to 208.789.270 lei (30.09.2021), a decrease due to depreciation of land and construction positions, technical installations and machines, other installations, machinery and furniture.

The value of current assets and other assets increased by 11.55 %, from 45.658.268 lei (31.12.2020) to 50.933.383 lei (30.09.2021), mainly due to the increase in the stock of finished products.

Total debt decreased by 12.38%, from 46.044.894 lei (31.12.2020) to 40.345.054 lei (30.09.2021), a decrease due to bank loan repayments made during this period and the reduction of commercial debts.

On 30.09.2021 they have been realized total revenues of 79.610.546 lei, representing 107.91% compared to the incomes realized in the same period of the year 2020 and total expenses amounting to 68.746.812 lei, representing 119.02% compared to the expenses made in the same period of the year 2020. In these conditions the gross result is 10.863.734 lei, and the net profit is in the amount of 9.670.445 lei, a significant increase compared to the results recorded in the same period of the year 2020.

During 2021, no significant mergers or reorganizations of the company were made and no main assets of the company were sold.

2. Analysis of the company's activity

2.1. Present and analyze all events or uncertainties that affect or could affect the company's liquidity, compared to the same period last year.

During 2021, there were various risks, but these were predictable and properly managed by the company's management, a situation that did not generate substantial additional costs.

The Company is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational risk
- Risk related to balancing cost
- Tax risk
- Medical risks

Credit risk

The credit risk is the risk that the Company incurs a financial loss due to a non-fulfillment of contractual obligations by a customer or counterparty to a financial instrument and this risk mainly result from the trade receivables of the Company.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and of the country in which it operates. Most clients of Company operates in Romania.

The main financial instruments used by the Company of which arise risks relating to financial instruments, are:

- Trade receivables and other receivables
- Cash and cash equivalents
- Investments in affiliated entities listed, classified according to IAS 39 "Financial assets available for sale"
- Trade liabilities and other liabilities;

Liquidity risk

The liquidity risk is the risk that the Company may encounter difficulties in fulfilling the obligations related to liabilities that are settled in cash or in another financial asset transfer. The Company's approach on liquidity risk is to ensure, to the extent possible, that it always hold sufficient liquidity to meet the liabilities when they become due, both under normal conditions and under stress, without incurring unacceptable losses or jeopardizing the Company's reputation.

The Company has committed long-term loans.

To counteract this risk factor, the Company has applied restrictive policies of delivery of products to uncertain customers. An important role was played by the Company's policy to require in some cases the payment in advance of the products delivered and a careful selection of new customers depending on their creditworthiness and financial discipline. There was requested guarantees for delivery contracts and tried to reduce the number of days of claims payment by customers of Company established by contract. There were extended the warranty contracts with mortgage in favor of banks with whom we have open credit lines and letters of guarantee so that we can pay our obligations in the event of a cash shortages.

Market risk

The market risk is the risk that market prices variation, such as exchange rate, interest rates and market demand reduction, to affect the Company's revenues.

Market risk - instability in the sale market for building materials, characterized by a significant drop in demand, a prevent risk through market research and marketing policies. The risk of price volatility in electricity, gas, metals, diesel was prevented by finding new suppliers or renegotiating the contracts with the traditional suppliers.

Exposure to interest rate risk

The Company's exposure to the risk of interest rate changes refers mainly to variable interest bearing loans that the Company has for long-term.

Interest rate risk management

In order to manage the interest rate risk, the Company's liabilities are analyzed in terms of fixed and variable debt, of currencies and maturities.

Currency risk

The Company has transactions and loans in other currency than the functional currency (RON).

The transactions made in foreign currencies are converted into Lei on the rate of exchange ruling at the transaction date.

The foreign exchange rate variations risk generally was prevented by an appropriate management, in particular by converting foreign currency loans in national currency.

Operational risk

The operational risk is the risk of direct or indirect loss from a range of causes associated to the processes, staff, technology and infrastructure of Company and from external factors, other than the credit, the market and the liquidity risk, such as those arising from legal and regulatory requirements and the generally accepted standards regarding the organizational behavior. The Company is exposed to the risk of disasters too. In these conditions, the Company acted towards concluding insurance policies to protect against disasters the company assets.

The operational risks come from all the Company's operations. The main responsibility of developing and implementing controls related to operational risk turns to the entity's management. The responsibility is supported by the Company's development of general standards of operational risk management in the following areas:

- Requirements of separation of duties
- Alignment with legal and regulatory requirements
- Documentation of controls and procedures
- Requirements for periodic review of operational risk to which the Company is exposed and the adequacy of controls and procedures to prevent the risks identified
- Requirements for reporting the operational losses and proposals to remedy the causes that generated them
- Develop some business continuity plans
- Development and professional training
- Setting ethical standards
- Preventing the risk of litigation, including the insurance, where applicable
- Minimizing the risks, including the efficient use of insurance, where appropriate.

Risk related to balancing cost

This risk is specific to the activity on the production and sale of electricity and it is generated by any unrealistic forecasting of quantities and delivery hourly volumes of electricity supply which may impact the financial situation by occurrence of additional costs for balancing. It is estimated that this risk is reduced due to the forecasting activity carried out by the special department of the entity.

Tax risk

From January 1, 2007, following the accession of Romania to the European Union, the Company had to obey the EU regulations and consequently, it was prepared for the implementation of the changes brought by the European legislation.

The Company has implemented these changes, but the way of their implementation remains open to tax audit for 5 years or even 7 years, starting with the financial year 2009.

The interpretation of texts and the practical implementation of the procedures of new applicable tax regulation harmonized with the European legislation, may vary from entity to entity and there is a risk that in some cases, the tax authorities could take a different position from that of the Company. It is possible that the Company continue to be subject to tax audits in so far as new tax rules are issued.

Medical risks

The health crisis caused by the new coronavirus COVID 19 can cause negative effects such as: - slowing down the supply activity; - postponement/ decrease of sales; - possible cases of staff illness or entry into childcare leave. At the company level, protective materials were distributed to employees consisting of gloves and masks,

measures were taken to comply with hygiene and disinfection rules to prevent infection, procedures were established and specific measures were taken regarding the interaction between employees and between employees and collaborators, perimeters were established for the movement of personnel and vehicles, measures were taken regarding the limitation of entrances to the company in compliance with the schedules and hygiene norms, measures were taken regarding the transport of employees to and from work with the shift of work schedule, and where possible it has been chosen for certain categories of non-productive staff to work from home. The procedures and measures were displayed and were visible to all employees. Measures were taken to comply with the provisions of ordinances, government decisions issued by the authorities during this period. The major risk in case of infection with COVID 19 is to stop the production process and the entry of staff in isolation and quarantine, with serious consequences for the company's activity. At this time we cannot estimate the economic impact of this pandemic. In the first 9 months of the year the company registered an approximately normal operation (including based on the stock of raw materials and products), but if the situation of infections at national and global level will escalate, with all the repercussions that derive (closure of companies and borders, the effects on the operation of the company could be amplified.

2.2. Specify and analyze the effects of all capital expenditures, current or anticipated, on the company, compared to the same period last year.

According to the Investment Program, equipment and means of transport have been purchased and will be purchased, in order to improve the commercial activity, the working microclimate, the automation of technological processes will continue, aspects that will determine the increase of labor productivity implicitly of the company's economic result.

Investments in 2021 will be made from own sources.

2.3. Specify and analyze the economic changes that significantly affect the income from the basic activity.

Among the factors that exerted a negative influence on the company's results, we list:

- pandemic caused by the new coronavirus;
- excessive and changing taxation;
- rising prices for some raw materials and fuel;
- accentuation of macroeconomic imbalances, with negative implications on the sales market;
- penetration on the domestic market of some products similar to those of the import company (fiber - brick tubes);
- inconsistency in the legislative field;
- excessive bureaucracy in obtaining the approvals and authorizations necessary for the functioning.

**3. Changes that affect the share capital and the administration of the company.
Not applicable.**

3.1. Describe any case in which the company was unable to meet its financial obligations during that period.

Not applicable

3.2. Description of any change regarding the rights of the holders of securities issued by the company.

Not applicable

4. Significant transactions

In the case of issuers of shares, information on the major transactions concluded by the issuer with the persons with whom it acts in concert or in which these persons were involved during the relevant period of time.

Not applicable.

**Chairman of the Board of Directors,
Eng. Milut Petre Marian**

**Economic Director,
Ec. Boitan Daniela**

COUNTY: BUCHAREST	FORM OF PROPERTY: JOINT-STOCK COMPANY
LEGAL PERSON: PREFAB S.A.	PREPONDERENT ACTIVITY
ADDRESS: STR. DR. IACOB FELIX, NR. 17-19, SECTOR 1, BUCURESTI	(NACE group name): MANUFACTURE OF CONCRETE PRODUCTS FOR CONSTRUCTION PURPOSES
PHONE: 0242/311.715	NACE GROUP CODE: 2361
NUMBER OF TRADE REGISTER: 40/9212/04.07.2003	TAX REGISTRATION CODE: 1916198

STATEMENT OF ASSETS, LIABILITIES AND EQUITY
On 30.09.2021

RON

Item name		Row no.	Balance on:	
			1 st January 2021	30 th September 2021
A		B	1	2
A.	FIXED ASSETS			
	I. INTANGIBLE ASSETS			
	1. Development expenses	01	0	0
	2. Concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets	02	14.798	30.590
	3. Goodwill	03	0	0
	4. Advances	04	0	0
	5. Intangible assets for the exploitation and evaluation of mineral resources	05	0	
	TOTAL	06	14.798	30.590
	II. TANGIBLE ASSETS			
	1. Lands and constructions	07	151.210.106	149.680.552
	2. Plant and machinery	08	58.982.637	54.019.115
	3. Other installations, equipment and furniture	09	287.666	270.475
	4. Property investments	10	2.959.000	2.959.000
	5. Tangible fixed assets in progress	11	0	0
	6. Real estate investments in progress	12	0	0
	7. Tangible assets for exploitation and evaluation of mineral resources	13	0	0
	8. Productive plants	14	0	0
	9. Advances	15	1.272.087	1.653.225
	TOTAL	16	214.711.496	208.582.367
	III. Productive biological assets	17	8.121	7.344
	IV. Rights to use leased assets	18	0	0
	V. FINANCIAL ASSETS			
	1. Shares in subsidiaries	19	168.769	168.769
	2. Loans granted to entities in the group	20	0	0
	3. Shares held in associates and jointly controlled entities	21	0	0
	4. Loans granted to associates and jointly controlled entities	22	0	0
	5. Other fixed assets	23	200	200
	6. Other loans	24	0	0
	TOTAL	25	168.969	168.969
	FIXED ASSETS - TOTAL	26	214.903.384	208.789.270
B.	CURRENT ASSETS			
	I. STOCKS			
	1. Raw materials and consumables	27	4.145.984	5.482.485
	2. Assets held for sale	28	0	0
	3. Production in progress	29	374.395	526.946
	4. Finished products and goods	30	9.693.931	13.477.903
	5. Advances	31	30.570	234.542
	TOTAL	32	14.244.880	19.721.876

PREFAB S.A. BUCUREȘTI
FINANCIAL STATEMENTS
(all amounts are expressed in Lei ("RON"))

Item name		Row no.	Balance on:	
			1 st January 2021	30 th September 2021
A		B	1	2
II. RECEIVABLES				
	1. Trade receivables	33	30.036.830	29.869.955
	2. Advances paid	34	2.798	133.819
	3. Amounts receivable from group entities	35	0	0
	4. Amounts receivable from jointly controlled entity	36	0	0
	5. Receivables from derivative operations	37	0	0
	6. Other receivables	38	188.766	262.248
	7. Capital subscribed and paid	39	0	0
	8. Receivables representing dividends distributed during the financial year	40		
	TOTAL	41	30.228.394	30.266.022
III. SHORT-TERM INVESTMENTS		42	0	0
IV. CASH AND BANK ACCOUNTS		43	753.664	287.425
CURRENT ASSETS - TOTAL		44	45.226.938	50.275.323
C.	PREPAYMENTS	45	431.330	658.060
	Amounts to be resumed in a period of up to one year	46	431.330	658.060
	Amounts to be resumed in a period longer than one year	47	0	0
D.	LIABILITIES: AMOUNTS TO BE PAID IN A PERIOD OF UP TO ONE YEAR			
	1. Debenture loans	48	0	0
	2. Amounts due to credit institutions	49	25.600.000	20.360.177
	3. Advances collected for orders	50	1.798.715	1.903.865
	4. Trade payables - suppliers	51	5.389.704	8.564.182
	5. Bills to be paid	52	0	0
	6. Amounts due to group entities	53	0	0
	7. Amounts due to associates and jointly controlled entities	54	0	0
	8. Liabilities resulting from derivatives transactions	55		
	9. Other liabilities including tax and social security liabilities	56	1.799.418	2.753.221
	TOTAL	57	34.587.837	33.581.445
E.	NET CURRENT ASSETS/ NET CURRENT LIABILITIES	58	10.565.636	16.847.143
F.	TOTAL ASSETS LESS CURRENT LIABILITIES	59	225.469.020	225.636.413
G.	LIABILITIES: AMOUNTS TO BE PAID IN A PERIOD OF MORE THAN ONE YEAR			
	1. Debenture loans	60	0	0
	2. Amounts due to credit institutions	61	10.986.384	6.292.936
	3. Advances collected for orders	62	0	0
	4. Trade payables - providers	63	0	0
	5. Bills to be paid	64	0	0
	6. Amounts due to group entities	65	0	0
	7. Amounts due to associates and jointly controlled	66	0	0

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(all amounts are expressed in Lei ("RON"))

Item name		Row no.	Balance on:	
			1 st January 2021	30 th September 2021
A		B	1	2
	entities			
	8. Liabilities resulting from derivative operations	67	0	0
	9. Other creditors including tax and social security liabilities	68	470.673	470.673
	TOTAL	69	11.457.057	6.763.609
H.	PROVISIONS			
	1. Provisions for employee benefits	70	0	0
	2. Other provisions	71	0	0
	TOTAL	72	0	0
I.	REVENUES FROM ADVANCE			
	1. Subsidies for investments	73	4.518.302	4.139.706
	Amounts to be resumed in a period of up to one year	74	504.795	504.795
	Amounts to be resumed in a period longer than one year	75	4.013.507	3.634.911
	2. Revenues registered in advance, of which	76	0	0
	Amounts to be resumed in a period of up to one year	77	0	0
	Amounts to be resumed in a period longer than one year	78	0	0
	3. Advance income related to assets received by transfer from customers, of which	79	0	0
	Amounts to be resumed in a period of up to one year	80		
	Amounts to be resumed in a period longer than one year	81		
	TOTAL	82	4.518.302	4.139.706
J.	CAPITAL AND RESERVES			
	I. CAPITAL			
	1. Capital subscribed and paid	83	24.266.709	24.266.709
	2. Capital subscribed and unpaid	84	0	0
	3. Subscribed capital representing financial liabilities	85	0	0
	4. The patrimony of the director	86	0	0
	4. Adjustments of share capital Balance C	87	0	0
	Balance D	88	0	0
	5. Other equity items Balance C	89	0	0
	Balance D	90	470.673	470.673
	TOTAL	91	23.796.036	23.796.036
	II. CAPITAL PREMIUMS	92	14.305.342	14.305.342
	III. REVALUATION RESERVES	93	117.173.624	117.173.624
	IV. RESERVES			
	1. Legal reserves	94	4.952.420	4.952.420
	2. Statutory or contractual reserves	95	0	0
	3. Other reserves	96	34.529.441	35.850.851
	TOTAL	97	39.481.861	40.803.271
	Exchange rate differences from the conversion of the individual annual financial statements into a presentation currency other than the functional currency (Balance C)	98	0	0
	(Balance D)	99	0	0
	5. Own shares	100	0	0
	Earnings related to equity instruments	101	0	0
	Losses related to equity instruments	102	0	0

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(all amounts are expressed in Lei ("RON"))

Item name		Row no.	Balance on:	
			1 st January 2021	30 th September 2021
A		B	1	2
V. RETAINED EARNINGS FROM ADOPTION FOR THE FIRST TIME OF IAS 29	Balance C	103	9.552.175	9.552.175
	Balance D	104	0	0
VI. RETAINED EARNINGS, EXCEPT THE RETAINED EARNINGS FROM ADOPTION FOR THE FIRST TIME OF IAS 29	Balance C	105	0	0
	Balance D	106	0	0
VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD	Balance C	107	6.104.836	9.607.445
	Balance D	108	0	0
Distribution of profit		109	415.418	0
EQUITY - TOTAL		110	209.998.456	215.237.893
Private patrimony		111	0	0
Public patrimony		112	0	0
CAPITALS - TOTAL		113	209.998.456	215.237.893

Administrator,

Surname and name
MILUT PETRE MARIAN

Signature
Stamp of unit

Prepared by

Surname and name: **BOITAN DANIELA**
Position: **Economic Director**

Signature

PREFAB S.A. BUCUREȘTI
FINANCIAL STATEMENTS

(all amounts are expressed in Lei ("RON"))

INCOMES AND EXPENSES STATEMENT		Row no.	Financial year		
			30.09.2020	30.09.2021	
Name of indicators		A	B	1	2
1.	Net turnover (row 02+03-04+05+06)	01	73.132.624	73.383.494	
	Production sold (acct.701+702+703+704+705+706+708)	02	73.515.286	73.666.046	
	Revenues from sale of goods (acct. 707)	03	49.644	27.300	
	Trade discounts granted (acct. 709)	04	432.306	309.852	
	Income from operating subsidies related to net turnover (acct.7411)	05	0	0	
2.	Income cost products stocks (acct. 711+712)	Balance C Balance D	06 07	0 1.009.768	5.424.490 0
3.	Revenues from the production of fixed assets and real estate investments	08	0	28.469	
4.	Revenues from the production of tangible and intangible assets (acct. 721+ 722)	09	0	28.469	
5.	Revenues from the production of real estate investments	10	0	0	
6.	Income from fixed assets held for sale	11	0	0	
7.	Revenues from revaluation of fixed assets	12	0	0	
8.	Real estate investment income	13	0	0	
9.	Income from biological assets and agricultural products	14	0	0	
10.	Income from operating subsidies	15	0	0	
11.	Other operating incomes (acct. 758+7417+7815)	16	1.308.699	710.090	
12.	- Income from investment subsidies	17			
13.	- Earnings from purchases in advantageous conditions	18			
	OPERATING INCOMES - TOTAL	19	73.431.555	79.546.543	
14.	a) Expenses for raw materials and consumables (acct. 601+602-7412)	20	26.407.570	30.541.782	
	Other material expenses (acct. 603+604+606+608)	21	1.759.805	1.857.868	
	b) Other external charges (for energy and water)(acct. 605-7413)	22	5.855.994	10.225.319	
	c) Expenses on goods (acct. 607)	23	46.345	24.575	
	Trade discounts received (acct. 609)	24	232.412	37.897	
15.	Staff costs, of which:	25	10.101.678	12.678.766	
	a) Wages and salaries (acct. 641+642+643+644-7414)	26	9.870.429	12.403.317	
	b) Insurance and social protection expenses (acct. 645-7415)	27	231.249	275.449	
16.	a) Value adjustments on tangible and intangible assets	28	7.008.886	7.064.004	
	a.1) Expenses (acct. 6811+6813)	29	7.008.886	7.064.004	
	a.2) Expenses with assets and rights to use leased assets	30		0	
	a.23 Incomes (acct. 7813)	31	0	0	
	b) Value adjustments on current assets	32	496.687	0	
	b.1) Expenses (acct. 654+6814)	33	496.687	0	
	b.2) Incomes (acct. 754+7814)	34	0	0	
17.	Other operating expenses	35	4.411.611	5.429.867	
	1. Expenses on external services (acct. 611+612+613+614+621+622+623+624+625+626+627+628-7416)	36	3.348.960	4.402.542	
	2. Expenses with other taxes, fees and assimilated payments (acct. 635)	37	923.592	909.210	
	3. Environmental protection expenses	38		0	
	4. Expenses related to fixed assets held for sale	39	0	0	

PREFAB S.A. BUCUREȘTI
FINANCIAL STATEMENTS

(all amounts are expressed in Lei ("RON"))

INCOMES AND EXPENSES STATEMENT		Row no.	Financial year	
			30.09.2020	30.09.2021
			1	2
Name of indicators		B		
A		B	1	2
5.	Expenses from revaluation of fixed assets	40	0	0
6.	Expenses regarding real estate investments	41	0	0
7.	Expenses on biological assets	42	0	0
8.	Expenses on disasters and other similar events	43	0	0
9.	Other expenses	44	139.059	118.115
	Adjustments regarding provisions	45	0	0
	- Expenses (acct.6812)	46	0	0
	- Income (acct.7812)	47	0	0
	OPERATING EXPENSES - TOTAL	48	55.856.164	67.784.284
	OPERATING PROFIT OR LOSS			
	- Profit	49	17.575.391	11.762.259
	- Loss	50	0	0
18.	Income from shares held at subsidiaries	51	0	0
19.	Income from shares held in associated entities	52	0	0
20.	Income from shares held in associates and jointly controlled entities	53	0	0
21.	Income from operations with securities and other derivative instruments	54	0	0
22.	Revenue from derivative operations	55	0	0
23.	Income from exchange rate differences	56	35.187	63.961
24.	Interest income (acct.766*)	57	0	0
	- of which, revenues from group entities	58	0	0
25.	Income from operating subsidiaries for interest due	59	0	0
26.	Income from short-term financial investments	60	0	0
27.	Other incomes	61	305.387	0
28.	FINANCIAL REVENUE - TOTAL	62	340.574	64.003
29.	Value adjustments on financial assets and investments held as current assets	63	0	0
	- Expenses (acct.686)	64	0	0
	- Incomes (acct.786)	65	0	0
30.	Expenses related to operations with securities and financial instruments	66	0	0
31.	Expenses on derivative operations	67	0	0
32.	Interest expenses (acct. 666*-7418)	68	1.766.834	849.767
	- of which, expenses in relation to group entities	69	0	0
33.	Interest expenses related to leasing contracts	70	0	0
34.	Other financial expenses (acct. 663+664+665+667+668)	71	139.449	112.761
35.	FINANCIAL EXPENSES - TOTAL	72	1.906.283	962.528
36.	FINANCIAL PROFIT OR LOSS			
	- Profit	73	0	0
	- Loss	74	1.565.709	898.525
37.	TOTAL INCOME	75	73.772.129	79.610.546
38.	TOTAL EXPENSES	76	57.762.447	68.746.812

PREFAB S.A. BUCUREȘTI
FINANCIAL STATEMENTS

(all amounts are expressed in Lei ("RON"))

INCOMES AND EXPENSES STATEMENT			Financial year	
			30.09.2020	30.09.2021
Name of indicators		Row no.	1	2
A		B	1	2
	GROSS PROFIT OR LOSS			
	- Profit	77	16.009.682	10.863.734
	- Loss	78		
40	Current profit tax (acct.691)	79	2.302.925	1.193.289
41	Deferred income tax (acct.692)	80	0	0
42	Deferred income tax income	81		0
43	Income tax expenses caused by uncertainties related to tax treatment	82	0	0
44	Activity specific tax	83	0	0
45	Other taxes not shown in the above items (acct.698)	84	0	0
46.	NET PROFIT OR LOSS OF FINANCIAL YEAR:			
	- Profit	85	13.706.757	9.670.445
	- Loss	86	0	0

Administrator,

Surname and name
MILUT PETRE MARIAN

Signature
Stamp of unit

Prepared by

Surname and name: BOITAN DANIELA
Position: Economic Director

Signature

PREFAB S.A. BUCUREȘTI
FINANCIAL STATEMENTS

(all amounts are expressed in Lei ("RON"))

INFORMATIONAL DATA

I. Data on the recorded result	Row no.	Units no.	Amounts	
A	B	1	2	
Units that recorded a profit:	01	0	9.670.445	
Units that recorded a loss:	02	1	0	
Units that recorded neither profit nor loss	03	0	0	
II. Data on outstanding payments:	Row no.	Total, of which	For current activity	For investment activity
A	B	1=2+3	2	3
Outstanding payments - total, of which:	04	0	0	0
Outstanding suppliers - total, of which:	05	0	0	0
- over 30 days	06	0	0	0
- over 90 days	07	0	0	0
- over 1 year	08	0	0	0
Outstanding obligations to social security budget - total, of which:	09	0	0	0
- state social insurance contributions due by employers, employees and other assimilated persons	10	0	0	0
- contributions for health insurance fund	11	0	0	0
- contribution for supplementary pension	12	0	0	0
- contribution to the unemployment insurance budget	13	0	0	0
- other social debts	14	0	0	0
Outstanding obligations to special funds budget and other funds	15	0	0	0
Outstanding obligations to other creditors	16	0	0	0
Unpaid tax to the state budget deadline	17	0	0	0
Unpaid tax to the local budget deadline	18	0	0	0
Bank loans outstanding at maturity - total, of which:	19	0	0	0
- outstanding after 30 days	20	0	0	0
- outstanding after 90 days	21	0	0	0
Outstanding after 1 year	22	0	0	0
Outstanding interests	23	0	0	0

PREFAB S.A. BUCUREȘTI
FINANCIAL STATEMENTS

(all amounts are expressed in Lei ("RON"))

III. Medium number of employees	Row no.	30.09.2019	30.09.2021
A	B	1	2
Medium number of employees	24	329	318
Other informations	25	364	349
IV. Payments of interest and royalties	Row no.	Amounts (lei)	
A	B	1	
Gross income from interest paid by Romanian legal entities to non-resident individuals in the Member States of the European Union, of which:	26	0	
- the tax owed to the state budget	27	0	
Gross income from interest paid by Romanian legal entities to non-resident affiliated legal entities in the Member States of the European Union, of which:	28	0	
- the tax owed to the state budget	29	0	
Income from royalties paid by Romanian legal entities to non-resident affiliated legal entities from EU Member States, of which:	30	0	
- the tax owed to the state budget	31	0	
Gross interest income paid by Romanian legal entities to non-resident legal entities in the Member States of the European Union, of which:	32	0	
- the tax due to the state budget	33	0	
Gross income from dividends paid by Romanian legal entities to non-resident legal entities, of which:	34	0	
- the tax due to the state budget	35	0	
Gross income from dividends paid by Romanian legal entities to non-resident legal entities, according to art. 117 letter h) of Law no. 571/2003 on the Fiscal Code, with subsequent amendments and completions, of which:	36	0	
- the tax due to the state budget	37	0	
Gross income from royalties paid by Romanian legal entities to non-resident affiliated legal entities from the member states of the European Union, of which:	38	0	
- the tax due to the state budget	39	0	
Gross income from royalties paid by Romanian legal entities to non-resident legal entities, of which:	40	0	
- the tax due to the state budget	41	0	
Royalties paid during the reporting period for public domain goods, received under concession, of which:	42	7800	
- royalties for public domain goods paid to the state budget	43	7800	
Paid mining royalty	44	0	

PREFAB S.A. BUCUREȘTI
FINANCIAL STATEMENTS

(all amounts are expressed in Lei ("RON"))

Gross income from services paid by Romanian legal entities to non-residents, of which:	45	0	
- the tax due to the state budget	46	0	
Gross income from services paid by Romanian legal entities to non-residents of the Member States of the European Union, of which:	47	0	
- the tax due to the state budget	48	0	
Subsidies received during the reporting period, of which:	49	0	
-subsidies received during the reporting period related to the assets	50	0	
- income subsidies, of which:	51	0	
-subsidies for stimulating employment	52	0	
Outstanding receivables, which were not collected within the terms provided in the commercial contracts and/or in the normative acts in force, of which:	53	0	
- Outstanding receivables from entities in the majority or integral state sector	54	0	
- Outstanding receivables from private sector entities	55	0	
V. Meal tickets	Row no.	Amounts (lei)	
A	B	1	
Value of meal tickets granted to employees	56		
VI. Research - development expenses, of which:	Row no.	30.09.2019	30.09.2021
A	B	1	2
Research - development expenses, of which:	57	0	0
- by public funds	58	0	0
- by private funds	59	0	0
VII. Innovation expenses:	Row no.	30.09.2019	30.09.2021
Innovation expenses - total, of which:	60	0	0
- innovation expenses finalized during the period	61	0	0
- innovation expenses to be finalized during the period	62	0	0
- innovation expenses abandoned during the period	63	0	0
VIII. OTHER INFORMATION	Row no.	30.09.2019	30.09.2021
A	B	1	2
Advance payments for intangible assets	64		
Advance payments for tangible assets	65	1.328.056	1.653.225
Financial assets, in gross amounts, of which:	66	9.439.872	9.439.872
Shares in affiliates, participating interests, other assets and long-term bonds, in gross amounts, of which:	67		

PREFAB S.A. BUCUREȘTI
FINANCIAL STATEMENTS

(all amounts are expressed in Lei ("RON"))

		9.439.669	9.439.669
- quoted shares issued by residents	68		
- unquoted shares issued by residents	69	9.420.750	9.420.750
- holdings issued by residents	70	0	0
- bonds issued by residents	71	0	0
- shares issued by collective investment undertakings (including by SIF) issued by residents	72	0	0
- shares and holdings issued by non-residents	73	18.919	18.919
- bonds issued by non-residents	74	0	0
Fixed receivables, in gross amounts, of which:	75	203	203
- fixed receivables in lei and expressed in lei, whose settlement is based on a foreign currency (of acct. 267)	76	203	203
- foreign currency receivables (of acct. 267)	77		
Trade receivables, advances granted to suppliers and other similar accounts, in gross amounts (acct. 411 + 413 + 418+4092)	78	32.829.136	30.134.958
Receivables related to personnel and assimilated accounts (acct. 425 + 4282)	79	47.955	0
Receivables related to the social insurance budget and the state budget (acct. 431 + 437 +4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482)	80	120.071	257.876
Receivables entity related to the affiliated entities (acct. 451)	81	0	0
Other receivables (acct. 451 + 453 + 456 + 4582 + 461 + 471 + 473+542)	82	1.790	4.372
Interest to be receivable (acct. 5187)	83	0	0
Short-term investments, in gross amounts (acct. 501 + 505 + 506 + of acct. 508), of which	84	0	0
- quoted shares issued by residents	85	0	0
- unquoted shares issued by residents	86	0	0
- holdings issued by residents	87	0	0
- bonds issued by residents	88	0	0
- shares issued by collective investment undertakings (including by SIF)	89	0	0
- shares issued by non-residents	90	0	0
- bonds issued by non-residents	91	0	0
Other amounts receivable (acct. 5113 + 5114)	92	0	0
Cash in lei and foreign currency, of which	93	21	470
- in lei (acct. 5311)	94	21	470
- in foreign currency (acct. 5314)	95	0	0
Current accounts in banks in lei and foreign currency, of which	96	2.559.372	286.955
- in lei (acct. 5121)	97	2.557.447	285.576
- in foreign currency (acct. 5124)	98	1.925	1.379

PREFAB S.A. BUCUREȘTI
FINANCIAL STATEMENTS

(all amounts are expressed in Lei ("RON"))

Other current accounts at banks and credit, of which	99	0	0
- amounts in course of settlement, letters of credit and other values receivable, in lei (acct. 5112 + 5125 + 5411)	100	0	0
- amounts in course of settlement, letters of credit in foreign currency (acct. 5125 + 5412)	101	0	0
Liabilities, of which:	102	49.955.066	40.345.054
- Loans from bonds and interest, in gross amounts (acct. 161 + 1681)	103	0	0
- in lei	104	0	0
- in foreign currency	105	0	0
- Short-term domestic bank loans and interest (acct. 5191 + 5192 + 5197 + din ct. 5198), of which:	106	23.850.000	20.360.177
- in lei	107	23.850.000	20.360.177
- in foreign currency	108	0	0
- Short-term foreign bank loans and interest (acct. 5193 + 5194+ 5195 + din ct. 5198), of which:	109	0	0
- in lei	110	0	0
- in foreign currency	111	0	0
- Long-term bank loans and interest (acct. 1621 + 1622 + 1627 + din ct. 1682) of which	112	12.270.095	6.292.936
- in lei	113	12.270.095	6.292.936
- in foreign currency	114	0	0
- Long-term foreign loans (acct. 1623 + 1624 + 1625 + din ct. 1682) (88+89)	115	0	0
- in lei	116	0	0
- in foreign currency	117	0	0
- Credits from the state treasury (acct. 1626 + of acct. 1682)	118	0	0
- Other loans and related interests (acct. 166 + 167 + 1685 + 1686 + 1687)	119	0	0
- in lei and expressed in lei, whose settlement is based on a foreign currency	120	0	0
- in foreign currency	121	0	0
- Trade payables, advances from customers and other similar accounts in gross amounts (acct. 401 + 403 + 404 + 405 + 408 + 419)	122	8.667.859	10.468.047
- Debt related to personnel and assimilated accounts (acct. 421 + 423 + 424 + 426 + 427 + 4281)	123	1.129.620	1.128.174
- Debt related to the social insurance budget and state budget (acct. 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481)	124	3.872.447	2.023.063
- Liabilities of entity related to affiliate entities (acct. 451)	125	0	0
- Amounts due to shareholders/associates (acct. 455)	126	0	0

PREFAB S.A. BUCUREȘTI
FINANCIAL STATEMENTS

(all amounts are expressed in Lei ("RON"))

- Other liabilities (acct. 451 + 453 + 455 + 456 + 457 + 4581 + 462 + 472 + 473 + 269 + 509)	127	165.045	72.657
- Interest payable (acct. 5186)	128	0	0
Capital subscribed and paid (acct. 1012) of which,	129	24.266.709	24.266.709
- quoted shares	130	24.266.709	24.266.709
- unquoted shares	131		
- holdings	132		
- capital subscribed and paid by non-residents (acct. 1012)	133		
Patents and licenses (of acct. 202)	134		
IX. Informations regarding the expenses with contributors	Row no.	30.09.2019	30.09.2021
A	B	1	2
Expenses with contributors (acct. 621)	135	0	0

Administrator,

Surname and name
MILUT PETRE MARIAN

Signature
Stamp of unit

Prepared by

Surname and name: BOITAN DANIELA
Position: Economic Director

Signature

STATUS OF CHANGES IN EQUITY for the period of 9 months ended on 30.09.2020

	Social capital	Share capital adjustments (acct 1028)	Other equity items (acct 1034)	Capital premium	Own actions	Reserves	Reported and current result	Total
1 st January 2021	24.266.709	0	(470.673)	14.305.342	0	156.655.485	15.241.593	209.998.456
Current overall result	0	0	0	0	0	0	9.607.445	9.607.445
Legal reserve allocations	0	0	0	0	0	0	0	0
Other reserves allocations	0	0	0	0	0	1.321.410	(1.321.410)	0
Dividends distributions						0	(4.368.008)	(4.368.008)
Increases in the reserve from the revaluation of fixed assets	0	0	0	0	0	0	0	0
Transfer of the reserve from revaluation to retained earnings	0	0	0	0	0	0	0	0
30 th September 2021	24.266.709	0	(470.673)	14.305.342	0	157.976.895	19.159.620	215.237.893

Chairman of the Board of Directors,
Eng. Milut Petre Marian

Economic Manager,
Ec. Boitan Daniela

STATEMENT OF CASH FLOWS
Indirect method

<u>The element's name</u>	<u>30.09.2020</u>	<u>30.09.2021</u>
Cash flows from operating activities:		
Net profit before tax	16.009.682	9.607.445
<i>Adjustments for:</i>		
Depreciation and value adjustments related to tangible and intangible assets	7.008.886	7.064.004
Value adjustments reversed during the year	0	0
Subsidies - variation	-395.262	-378.596
Interest expenses and other financial expenses	1.906.283	962.528
Interest income and other financial income	340.574	64.003
Loss/ (profit) from the sale of tangible assets	0	
Profit tax paid	2.302.925	1.193.289
Operating profit before changes in working capital		
Decrease/increase of commercial and other receivables	-415.582	37.628
Decrease/increase of stocks	-1.797.696	5.476.996
Decrease/increase of commercial and other debts	-12.344.729	479.003
Net cash from operating activities	11.754.639	10.962.468
Cash flows from investment activities		
Payments for the acquisition of tangible and intangible assets	858.481	596.912
Proceeds from the sale of tangible and intangible assets	0	
Interest received	340.574	64.003
Net cash from investment activities	-517.907	-532.909
Cash flows from financing activities		
Loans received	0	0
Loan repayments	7.397.896	9.933.270
Interest paid	1.906.283	962.528
Net cash flow from financing activities	-9.304.179	-10.895.798
Net increase/decrease in cash and cash equivalents	1.932.553	-466.239
Cash and cash equivalents at the beginning of the period	632.624	753.664
Cash and cash equivalents	2.565.177	287.425

Chairman of the Board of Directors,
Eng. Milut Petre Marian

Economic manager,
Ec. Boitan Daniela

EXPLANATORY NOTES to the interim individual statements prepared on 30.09.2021

The political crisis against the background of the health crisis caused by SARS-COV-2, accentuated the negative influences on the economic environment. In the second year since the outbreak of the pandemic, which caused a special situation that the economic environment no longer faced, the company paid more attention and acted prudently in the managerial act.

Overall, the construction sector faces many problems and if at certain intervals there were increases, they had an oscillating trend, caused by the evolution of the number of cases of infection, the measures imposed by the authorities to prevent diseases, the actual demand for construction materials from the market and the allocation of funds by the authorities for infrastructure works.

In these conditions, on 30th September 2021, compared to the same period of 2020, there is a maintenance in the same parameters of the demand in the market of construction materials, especially for AAC products and tubes.

Regarding the market for precast reinforced concrete and prestressed concrete, electric poles, highway elements, prefabricated parts for hyper or supermarkets, beams for road bridges, it is still affected by the lack of large projects for national infrastructure and lack of labor qualified, the market remaining at the same low level especially due to financial blockages in the national investment field.

The economic climate is still characterized by excessive and changing taxation, cumbersome legislation, exaggerated bureaucracy in obtaining permits and authorizations necessary for operation, currency risk with influence in the price of raw materials and materials.

Turnover recorded on 30.09.2021 is growing by 0.34 % compared to the one registered on 30.09.2020.

The operating result registered on 30.09.2021 is in the amount of 11.762.259 lei, compared to 17.575.391 lei, registered on 30.09.2020, in decreasing compared to the same period of the previous year. The decrease is due to the increase in prices for the main raw materials, fuel, gas, electricity and the increase in labor costs.

Financial result recorded on 30.09.2021 is -898.525 lei, compared to -1.565.709 lei registered in the same period of the year 2020, a decrease due to the decrease of bank debts.

The value of fixed assets decreased by 2.85 %, from 214.903.384 lei (31.12.2020) to 208.789.270 lei (30.09.2021), a decrease due to depreciation of land and construction positions, technical installations and machines, other installations, machinery and furniture.

The value of current assets and other assets increased by 11.55 %, from 45.658.268 lei (31.12.2020) to 50.933.383 lei (30.09.2021), mainly due to the increase in the stock of finished products.

Total debt decreased by 12.38%, from 46.044.894 lei (31.12.2020) to 40.345.054 lei (30.09.2021), a decrease due to bank loan repayments made during this period and the reduction of commercial debts.

On 30.09.2021 they have been realized total revenues of 79.610.546 lei, representing 107.91% compared to the incomes realized in the same period of the year 2020 and total expenses amounting to 68.746.812 lei, representing 119.02% compared to the expenses made in the same period of the year 2020. In these conditions the gross result is 10.863.734 lei, and the net profit is in the amount of 9.670.445 lei, a significant increase compared to the results recorded in the same period of the year 2020.

During 2021, no significant mergers or reorganizations of the company were made and no main assets of the company were sold.

2. Analysis of the company's activity

2.1. Present and analyze all events or uncertainties that affect or could affect the company's liquidity, compared to the same period last year.

During 2021, there were various risks, but these were predictable and properly managed by the company's management, a situation that did not generate substantial additional costs..

The Company is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational risk
- Risk related to balancing cost
- Tax risk
- Medical risks

Credit risk

The credit risk is the risk that the Company incurs a financial loss due to a non-fulfillment of contractual obligations by a customer or counterparty to a financial instrument and this risk mainly result from the trade receivables of the Company.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and of the country in which it operates. Most clients of Company operates in Romania.

The main financial instruments used by the Company of which arise risks relating to financial instruments, are:

- Trade receivables and other receivables
- Cash and cash equivalents
- Investments in affiliated entities listed, classified according to IAS 39 "Financial assets available for sale"
- Trade liabilities and other liabilities;

Liquidity risk

The liquidity risk is the risk that the Company may encounter difficulties in fulfilling the obligations related to liabilities that are settled in cash or in another financial asset transfer. The Company's approach on liquidity risk is to ensure, to the extent possible, that it always hold sufficient liquidity to meet the liabilities when they become due, both under normal conditions and under stress, without incurring unacceptable losses or jeopardizing the Company's reputation.

The Company has committed long-term loans.

To counteract this risk factor, the Company has applied restrictive policies of delivery of products to uncertain customers. An important role was played by the Company's policy to require in some cases the payment in advance of the products delivered and a careful selection of new customers depending on their creditworthiness and financial discipline. There was requested

guarantees for delivery contracts and tried to reduce the number of days of claims payment by customers of Company established by contract. There were extended the warranty contracts with mortgage in favor of banks with whom we have open credit lines and letters of guarantee so that we can pay our obligations in the event of a cash shortages.

Market risk

The market risk is the risk that market prices variation, such as exchange rate, interest rates and market demand reduction, to affect the Company's revenues.

Market risk - instability in the sale market for building materials, characterized by a significant drop in demand, a prevent risk through market research and marketing policies. The risk of price volatility in electricity, gas, metals, diesel was prevented by finding new suppliers or renegotiating the contracts with the traditional suppliers.

Exposure to interest rate risk

The Company's exposure to the risk of interest rate changes refers mainly to variable interest bearing loans that the Company has for long-term.

Interest rate risk management

In order to manage the interest rate risk, the Company's liabilities are analyzed in terms of fixed and variable debt, of currencies and maturities.

Currency risk

The Company has transactions and loans in other currency than the functional currency (RON).

The transactions made in foreign currencies are converted into Lei on the rate of exchange ruling at the transaction date.

The foreign exchange rate variations risk generally was prevented by an appropriate management, in particular by converting foreign currency loans in national currency.

Operational risk

The operational risk is the risk of direct or indirect loss from a range of causes associated to the processes, staff, technology and infrastructure of Company and from external factors, other than the credit, the market and the liquidity risk, such as those arising from legal and regulatory requirements and the generally accepted standards regarding the organizational behavior. The Company is exposed to the risk of disasters too. In these conditions, the Company acted towards concluding insurance policies to protect against disasters the company assets.

The operational risks come from all the Company's operations. The main responsibility of developing and implementing controls related to operational risk turns to the entity's management. The responsibility is supported by the Company's development of general standards of operational risk management in the following areas:

- Requirements of separation of duties
- Alignment with legal and regulatory requirements
- Documentation of controls and procedures
- Requirements for periodic review of operational risk to which the Company is exposed and the adequacy of controls and procedures to prevent the risks identified
- Requirements for reporting the operational losses and proposals to remedy the causes that generated them
- Develop some business continuity plans
- Development and professional training
- Setting ethical standards

- Preventing the risk of litigation, including the insurance, where applicable
- Minimizing the risks, including the efficient use of insurance, where appropriate.

Risk related to balancing cost

This risk is specific to the activity on the production and sale of electricity and it is generated by any unrealistic forecasting of quantities and delivery hourly volumes of electricity supply which may impact the financial situation by occurrence of additional costs for balancing. It is estimated that this risk is reduced due to the forecasting activity carried out by the special department of the entity.

Tax risk

From January 1, 2007, following the accession of Romania to the European Union, the Company had to obey the EU regulations and consequently, it was prepared for the implementation of the changes bring by the European legislation.

The Company has implemented these changes, but the way of their implementation remains open to tax audit for 5 years or even 7 years, starting with the financial year 2009.

The interpretation of texts and the practical implementation of the procedures of new applicable tax regulation harmonized with the European legislation, may vary from entity to entity and there is a risk that in some cases, the tax authorities could take a different position from that of the Company. It is possible that the Company continue to be subject to tax audits in so far as new tax rules are issued.

Medical risks

The health crisis caused by the new coronavirus COVID 19 can cause negative effects such as: - slowing down the supply activity; - postponement/ decrease of sales; - possible cases of staff illness or entry into childcare leave. At the company level, protective materials were distributed to employees consisting of gloves and masks, measures were taken to comply with hygiene and disinfection rules to prevent infection, procedures were established and specific measures were taken regarding the interaction between employees and between employees and collaborators, perimeters were established for the movement of personnel and vehicles, measures were taken regarding the limitation of entrances to the company in compliance with the schedules and hygiene norms, measures were taken regarding the transport of employees to and from work with the shift of work schedule, and where possible it has been chosen for certain categories of non-productive staff to work from home. The procedures and measures were displayed and were visible to all employees. Measures were taken to comply with the provisions of ordinances, government decisions issued by the authorities during this period. The major risk in case of infection with COVID 19 is to stop the production process and the entry of staff in isolation and quarantine, with serious consequences for the company's activity. At this time we cannot estimate the economic impact of this pandemic. In the first 9 months of the year the company registered an approximately normal operation (including based on the stock of raw materials and products), but if the situation of infections at national and global level will escalate, with all the repercussions that derive (closure of companies and borders, the effects on the operation of the company could be amplified.

2.2. Specify and analyze the effects of all capital expenditures, current or anticipated, on the company, compared to the same period last year.

According to the Investment Program, equipment and means of transport have been purchased and will be purchased, in order to improve the commercial activity, the working microclimate,

the automation of technological processes will continue, aspects that will determine the increase of labor productivity implicitly of the company's economic result.
Investments in 2021 will be made from own sources.

2.3. Specify and analyze the economic changes that significantly affect the income from the basic activity.

Among the factors that exerted a negative influence on the company's results, we list:

- pandemic caused by the new coronavirus;
- excessive and changing taxation;
- rising prices for some raw materials and fuel;
- accentuation of macroeconomic imbalances, with negative implications on the sales market;
- penetration on the domestic market of some products similar to those of the import company (fiber - brick tubes);
- inconsistency in the legislative field;
- excessive bureaucracy in obtaining the approvals and authorizations necessary for the functioning.

**3. Changes that affect the share capital and the administration of the company.
Not applicable.**

**3.1. Describe any case in which the company was unable to meet its financial obligations during that period.
Not applicable**

**3.2. Description of any change regarding the rights of the holders of securities issued by the company.
Not applicable**

4. Significant transactions

In the case of issuers of shares, information on the major transactions concluded by the issuer with the persons with whom it acts in concert or in which these persons were involved during the relevant period of time.
Not applicable.

**Chairman of the Board of Directors,
Eng. Milut Petre Marian**

**Economic Director,
Ec. Boitan Daniela**

**Statement
of the Board of Directors of PREFAB S.A.**

The Board of Directors of PREFAB S.A. hereby states that assumes responsibility for the preparation of the Financial Statements prepared on September 30, 2021.

The Board of Directors of PREFAB S.A. confirms, in respect of the Financial Statements prepared on September 30, 2021, the following:

- a) The Financial Statements on September 30, 2021 are prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union.
- b) The accounting policies used to prepare the Financial Statements from September 30, 2021 are in accordance with the applicable accounting regulations.
- c) The Financial Statements prepared on September 30, 2021 provide a true image of the financial position, financial performance and other information about the business.
- d) The Company carries out its activity in continuity.

This statement is in accordance with the provisions of art. 30 of the Accounting Law no. 82/1991 republished.

Chairman of the Board of Directors,

Eng. Milut Petre Marian