

## Quarterly report for the first quarter

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

**Date of report: 16.05.2022**

**Name of the Company - Prefab SA**

**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

<b>Name of indicator</b>	<b>Calculation</b>	<b>Result</b>
<b>1. Current liquidity indicator</b>	<b>Current assets (circular)/ Current liabilities</b>	$55.478.588/37.359.155=1.49$
<b>2. Indebtedness indicator</b>	<b>Borrowed capital (t0+t1)/ Own capital (t0=t1)</b>	$[(43.756.463+42.647.131)/2]/ [(216.557.635+216.017.164)/2]=0.20$
<b>3. Rotation speed of debits - clients</b>	<b>Average balance customers/ turnover x 90</b>	$[(31.550.900+30.425.947)/2] / 21.118.933 \times 90=132$
<b>4. Rotation speed of fixed assets</b>	<b>Turnover/ Fixed assets</b>	$21.118.933/206.010.976=0.10$

## B. Other information

### 1. Economic and financial statement

#### a. STATEMENT OF FINANCIAL POSITION - lei

	<b>01.01.2022</b>	<b>31.03.2022</b>
Tangible assets	204.592.255	202.811.884
Intangible assets	27.443	24.297
Investment property	2.999.000	2.999.000
Investments in affiliates	168.969	168.969
Biological assets	7.085	6.826
<b>TOTAL INTANGIBLE ASSETS</b>	<b>207.794.752</b>	<b>206.010.976</b>
Stocks	24.076.052	24.606.761
Trade receivables and other receivables	31.550.900	30.425.947
Cash and cash equivalents	516.208	445.880
Other assets (Prepayments)	389.693	1.062.040
<b>TOTAL CURRENT ASSETS</b>	<b>56.532.853</b>	<b>56.540.628</b>
<b>1. TOTAL ASSETS</b>	<b>264.327.605</b>	<b>262.551.604</b>
Share capital	24.266.709	24.266.709
Other equity items	(464.592)	(464.592)
Equity premium	14.305.342	14.305.342
Revaluation reserves	117.173.624	117.173.624
Reserves	41.425.006	41.425.006
Retained earnings except that from the adoption for the first time of IAS 29	9.552.175	19.851.546
Profit at the end of the reporting period	10.921.106	-540.471
Distribution of profit	621.735	0
<b>2. TOTAL EQUITY</b>	<b>216.557.635</b>	<b>216.017.164</b>
Long term loans	5.167.158	4.823.384
Trade debts - suppliers	0	0
Other debts including long-term tax	464.592	464.592
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>5.631.750</b>	<b>5.287.976</b>
Trade payables and other payables	21.941.095	16.807.208
Short term loans	16.186.619	20.551.947
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>38.124.714</b>	<b>37.359.155</b>
<b>Subsidies for investment</b>	<b>4.013.507</b>	<b>3.887.309</b>
<b>3. TOTAL LIABILITIES</b>	<b>264.327.605</b>	<b>264.551.604</b>

## b. STATEMENT OF REVENUE AND EXPENDITURE - lei

	<b>31.03.2021</b>	<b>31.03.2022</b>
<b>NET TURNOVER</b>	<b>20.864.451</b>	<b>21.118.933</b>
Variation of finished products stocks and production in progress	2.323.248	(354.996)
Revenue from production of tangible assets	0	0
Other revenue	268.855	164.447
<b>OPERATING REVENUES - TOTAL</b>	<b>23.456.554</b>	<b>20.928.384</b>
Raw materials and consumables used	9.114.436	7.996.529
Other material expenses	457.390	372.326
Other external expenses (for energy and water)	2.503.972	5.616.817
Expenses on goods	0	14.205
Trade discounts received	(1.969)	(6.680)
Trade discounts received	3.583.680	3.214.456
Staff costs, out of which	3.501.957	3.141.224
- Wages and allowances	81.723	73.232
- Expenses with insurance and social protection	2.337.321	2.359.601
Value adjustments on intangible and tangible assets, property investments and biological assets measured at cost	2.337.321	2.359.601
Expenses	0	0
Revenues	0	0
Value adjustments on current assets	0	0
Expenses	0	0
Revenues	1.380.457	1.684.338
Other operating expenses, out of which	1.119.338	1.477.965
- Expenses on external supply	179.556	203.211
- Expenses with other taxes, fees and similar payments	81.563	3.162
- Other expenses	0	0
<b>OPERATING EXPENSES - TOTAL</b>	<b>19.375.287</b>	<b>21.251.592</b>
<b>OPERATING PROFIT OR LOSS</b>	<b>4.081.267</b>	<b>(323.208)</b>
Income from exchange rate differences	26.514	1.333
Interest income + other financial income	21	16
<b>FINANCIAL REVENUE</b>	<b>26.535</b>	<b>1.349</b>
Interest expenses	322.839	206.226
Other financial expenses	43.024	12.386
<b>FINANCIAL EXPENSES</b>	<b>365.863</b>	<b>218.612</b>

<b>FINANCIAL PROFIT OR LOSS</b>	<b>(339.328)</b>	<b>(217.263)</b>
<b>TOTAL REVENUE</b>	<b>23.483.089</b>	<b>20.929.733</b>
<b>TOTAL EXPENSES</b>	<b>19.741.150</b>	<b>21.470.204</b>
<b>GROSS PROFIT</b>	<b>3.741.939</b>	<b>(540.471)</b>
<b>Tax revenue</b>	<b>516.260</b>	<b>0</b>
<b>NET PROFIT</b>	<b>3.225.679</b>	<b>(540.471)</b>

**EXPLANATORY NOTES to the interim individual situations prepared on 31.03.2022**

Russia's invasion of Ukraine on 24 February 2022 has triggered a war in Europe that threatens the entire world order. The conflict has caused an inflationary shock that has manifested itself strongly in all sectors of the national economy on the supply side of natural gas, oil-fuel, industrial raw materials causing price increases and bottlenecks in production chains, already affected by the COVID-19 pandemic.

The decrease in the supply of raw materials and energy products and, on the other hand, the increase in prices and the decrease in the purchasing power of consumers caused the reduction of the company's production activity in the first quarter of 2022.

The health crisis caused by COVID-19, has in turn influenced the economic environment in the last two years, having multiple negative implications for its functioning.

In these special conditions, which the economic environment has never experienced before, the company has paid increased attention to its activities and has acted prudently in its management.

At present the most worrying phenomenon is the increase in inflation, which is causing a decrease in demand in the building materials market due to the decrease in purchasing power and the orientation towards existing products by consumers.

Under these conditions, on 31 March 2022 compared to the same period in 2021, there is a bottleneck in the building materials market due to the decrease in purchasing power, and in the market for precast reinforced and prestressed concrete, electrical poles, highway elements, prefabricated parts for hypermarkets or supermarkets, beams for road bridges, the cause is the lack of large projects for national infrastructure and skilled labour, the market remains at a low level due to financial bottlenecks in national investment.

The economic climate is still characterized by excessive and changing taxation, with the risk of increasing taxes and duties to finance public expenditure, cumbersome legislation, excessive bureaucracy in obtaining the necessary permits and authorizations for operations, currency risk with influence on the price of some raw materials and materials.

The turnover registered as of 31.03.2022 is up by 1.22% compared to that registered as of 31.03.2021, the increase in this indicator being due to the increase in sales prices.

The operating result recorded a depreciation on 31.03.2022, -323.208 lei, compared to 4.081.267 lei, recorded on 31.03.2021, the decrease being due to the current economic context of reduction of activity.

The financial result recorded on 31.03.2022 is -217.263 lei, compared to -339.328 lei recorded in the same period of 2021, a decrease due to bank loan repayments made in this period, as the interest rate curve is increasing.

The value of fixed assets decreased by 0.86 %, from 207,794,752 lei (31.12.2021) to 206,010,976 lei (31.03.2022), a decrease due to depreciation of land and buildings, technical installations and machinery, other installations, equipment and furniture.

The value of current assets and other assets increased by 0.01 %, from 56,532,853 lei (31.12.2021) to 56,540,628 lei (31.03.2022), while net current assets increased to 18,676,678 lei compared to 17,903,345 lei as of 31.12.2021.

Total liabilities remain in the same range of values, recording a decrease of 2.54%, from 43,756,463 lei (31.12.2021) to 42,647,131 lei (31.03.2022).

As of 31.03.2022, total income of 20,929,733 lei was realised, representing 89.13% of the income realised in the same period of 2021 and total expenditure of 21,470,204 lei, representing 108.75% of the expenditure realised in the same period of 2021. Under these conditions the gross result is (540,471) lei, a significant loss, depreciation compared to the results recorded in the same period of 2021.

During 2022 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 business**

### **2.1. Present and analyze events or factors of uncertainty that affects or could affect the company's liquidity, compared to the same period of the last year.**

During 2022, there were various risks, but they were predictable and properly managed by the management of the company, situation that has generated no 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.

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 equity affiliates, classified according to IAS 39 in “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 the conditions of this economic crisis.

### **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 globalization of the infection with the new coronavirus COVID 19 causes negative effects such as:

- slowing down the supply activity;
- postponement/ decrease of sales;
- possible cases of staff illness or the childcare leave.

In the Company 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, 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 at and from work, and where possible, certain categories of non-productive staff have been chosen 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 the military ordinances 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 3 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 resulting repercussions (closure of businesses and stores, closure borders, the effects on the operation of the company could be amplified.

In February 2022, global geopolitical tensions escalated significantly following military interventions in Ukraine by the Russian Federation. As a result of these escalations, economic uncertainties in the energy and capital markets have increased, with global energy prices expected to be highly volatile in the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the company's financial outlook and cannot rule out negative consequences for the business, operations and financial condition. Management believes that it is taking all necessary measures to support the sustainability and growth of the company's business in the current

circumstances and that the professional reasoning in these financial statements remains adequate. The risks are as presented above.

### **The risk of war**

If the situation of the armed conflict in Ukraine escalates there is a risk of partial or total cessation of activity, rampant inflation, reduced trade and investment, increased taxation and bank interest, there may be material destruction and loss of life.

### **2.2. Present and analyze the effects of capital expenditures, current or anticipated on the company compared to the same period of the 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.

The investments in 2022 will be made from own sources.

### **2.3. Present and analyze economic changes that significantly affect the revenues from basic activity.**

**Among the factors that exerted a negative influence over the results of the company, we mention:**

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

### **3. Changes affecting the Company's share capital and management.**

Not applicable

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

Not applicable

#### **3.2. Description of any changes regarding the rights of holders of securities issued by the company.**

Not applicable

### **4. Significant transactions**

For the issuers of shares, information on major transactions concluded by the issuer with persons acting in collaboration or in which these people were involved in the relevant time period.

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 31.03.2022

RON

Item name	Row no.	Balance on:	
		January 1, 2022	March 31, 2022
A	B	1	2
<b>A. FIXED ASSETS</b>			
<b>I. INTANGIBLE ASSETS</b>			
1. Development expenses	01	0	0
2. Concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets	02	27.443	24.297
3. Goodwill	03	0	0
4. Advances	04	0	0
5. Intangible assets for the exploitation and evaluation of mineral resources	05	0	
<b>TOTAL</b>	<b>06</b>	<b>27.443</b>	<b>24.297</b>
<b>II. TANGIBLE ASSETS</b>			
1. Lands and constructions	07	149.173.686	148.666.820
2. Plant and machinery	08	52.994.679	51.275.152
3. Other installations, equipment and furniture	09	264.842	259.562
4. Property investments	10	2.999.000	2.999.000
5. Tangible assets under construction	11	0	0
6. Real estate investments under construction	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	2.159.048	2.610.350
<b>TOTAL</b>	<b>16</b>	<b>207.591.255</b>	<b>205.810.884</b>
<b>III. Productive biological assets</b>	<b>17</b>	<b>7.085</b>	<b>6.826</b>
<b>IV. Rights to use leased assets</b>	<b>18</b>	<b>0</b>	<b>0</b>
<b>V. FINANCIAL ASSETS</b>			
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
<b>TOTAL</b>	<b>25</b>	<b>168.969</b>	<b>168.969</b>
<b>FIXED ASSETS - TOTAL</b>	<b>21</b>	<b>207.794.752</b>	<b>206.010.976</b>
<b>B. CURRENT ASSETS</b>			
<b>I. STOCKS</b>			
1. Raw materials and consumables	27	4.526.325	5.620.225
2. Assets held for sale	28	0	0
3. Production in progress	29	332.889	345.268
4. Finished products and goods	30	19.127.058	18.358.160
5. Advances	31	89.780	283.108

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

Item name	Row no.	Balance on:	
		January 1, 2022	March 31, 2022
A	B	1	2
<b>TOTAL</b>	<b>32</b>	<b>24.076.052</b>	<b>24.606.761</b>
<b>II. RECEIVABLES</b>			
1. Trade receivables	33	30.395.744	29.737.199
2. Advances paid	34	91.127	157.624
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	1.064.029	531.124
7. Capital subscribed and paid	39	0	0
8. Receivables representing dividends distributed during the financial year	40		
<b>TOTAL</b>	<b>41</b>	<b>31.550.900</b>	<b>30.425.947</b>
<b>III. SHORT-TERM INVESTMENTS</b>	42	0	0
<b>IV. CASH AND BANK ACCOUNTS</b>	<b>43</b>	516.208	445.880
<b>CURRENT ASSETS - TOTAL</b>	<b>44</b>	<b>56.143.160</b>	<b>55.478.588</b>
<b>C. PAYMENTS IN ADVANCE</b>	<b>45</b>	<b>389.693</b>	<b>1.062.040</b>
Amounts to be resumed in a period of up to one year	46	389.693	1.062.040
Amounts to be resumed in a period longer than one year	47	0	0
<b>D. LIABILITIES: AMOUNTS TO BE PAID IN A PERIOD OF UP TO ONE YEAR</b>			
1. Bond issue loans	48	0	0
2. Amounts due to credit institutions	49	16.154.176	20.551.947
3. Advances collected for orders	50	2.711.950	508.105
4. Trade payables - suppliers	51	17.848.180	14.827.154
5. Bills to pay	52	0	0
6. Amounts due to group entities	53	0	0
7. Amounts due to associated entities and jointly controlled entities	54	0	0
8. Amounts due to associates and jointly controlled entities	<b>55</b>		
9. Other liabilities including tax and social security liabilities	<b>56</b>	1.410.407	1.471.949
<b>TOTAL</b>	<b>57</b>	<b>38.124.713</b>	<b>37.359.155</b>
<b>E. NET CURRENT ASSETS/ NET CURRENT LIABILITIES</b>	<b>58</b>	<b>17.903.345</b>	<b>18.676.678</b>
<b>F. TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>59</b>	<b>225.698.097</b>	<b>224.687.654</b>
<b>G. LIABILITIES: AMOUNTS TO BE PAID IN A PERIOD OF MORE THAN ONE YEAR</b>			
1. Bond issue loans	60	0	0
2. Amounts due to credit institutions	61	5.167.158	4.823.384
3. Advances collected for orders	62	0	0
4. Trade payables - suppliers	63	0	0
5. Bills to pay	64	0	0
6. Amounts due to group entities	65	0	0

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

Item name		Row no.	Balance on:	
			January 1, 2022	March 31, 2022
A		B	1	2
	7. Amounts due to associated entities and jointly controlled entities	66	0	0
	8. Liabilities resulting from derivatives transactions	67		
	9. Other liabilities including tax and social security liabilities	68	464.592	464.592
	<b>TOTAL</b>	<b>69</b>	<b>5.631.750</b>	<b>5.287.976</b>
<b>H.</b>	<b>PROVISIONS</b>			
	1. Provisions for employee benefits	70	0	0
	2. Other provisions	71	0	0
	<b>TOTAL</b>	<b>72</b>	<b>0</b>	<b>0</b>
<b>I.</b>	<b>REVENUES FROM ADVANCE</b>			
	1. Subsidies for investments	73	<b>4.013.507</b>	<b>3.887.309</b>
	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	3.508.712	3.382.514
	2. Revenues registered in advance, out 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, out 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		
	<b>TOTAL</b>	<b>82</b>	<b>4.013.507</b>	<b>3.887.309</b>
<b>J.</b>	<b>CAPITAL AND RESERVES</b>			
	<b>I. CAPITAL</b>			
	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. Administration patrimony	86	0	0
	5. Adjustments of share capital Balance C	87	0	0
	Balance D	88	0	0
	6. Other equity items Balance C	89	0	0
	Balance D	90	464.592	464.592
	<b>TOTAL</b>	<b>91</b>	<b>23.802.117</b>	<b>23.802.117</b>
	<b>II. CAPITAL PREMIUMS</b>	<b>92</b>	<b>14.305.342</b>	<b>14.305.342</b>
	<b>III. REVALUATION RESERVES</b>	<b>93</b>	<b>117.173.624</b>	<b>117.173.624</b>
	<b>IV. RESERVES</b>			
	1. Legal reserves	94	5.574.155	5.574.155
	2. Statutory or contractual reserves	95	0	0
	3. Other reserves	96	35.850.851	35.850.851
	<b>TOTAL</b>	<b>97</b>	<b>41.425.006</b>	<b>41.425.006</b>
	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

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

Item name		Row no.	Balance on:	
			January 1, 2022	March 31, 2022
A		B	1	2
V. RETAINED EARNINGS, EXCEPT THE RETAINED EARNINGS FROM ADOPTION FOR THE FIRST TIME OF IAS 29	Balance C	103	9.552.175	19.851.546
	Balance D	104	0	0
VI. 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	10.921.106	0
	Balance D	108	0	540.471
Distribution of profit		109	621.735	0
<b>OWN EQUITY - TOTAL</b>		<b>110</b>	<b>216.557.635</b>	<b>216.017.164</b>
Private patrimony		111	0	0
Public patrimony		112	0	0
<b>CAPITALS - TOTAL</b>		<b>113</b>	<b>216.557.635</b>	<b>216.017.164</b>

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"))*

Name of indicators		Row no.	Financial year	
			31.03.2021	31.03.2022
A		B	1	2
1.	<b>Net turnover (rows 02+03-04+05+06)</b>	<b>01</b>	<b>20.864.451</b>	<b>21.118.933</b>
	Production sold (acct. 701+702+703+704+705+706+708)	02	20.931.494	21.425.660
	Revenues from sale of goods (acct. 707)	03	0	13.900
	Trade discounts granted (acct. 709)	04	67.043	320.717
	Income from operating subsidies related to net turnover (acct. 7411)	05	0	0
2.	Income cost products stocks (acct. 711+712)			
	Balance C	06	2.323.248	0
	Balance D	07	0	354.996
3.	Revenues from the production of fixed assets and real estate investments	08	0	0
4.	Revenues from the production of tangible and intangible assets (acct. 721+ 722)	09	0	0
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), out of which	16	268.855	164.447
12.	- Income from investment subsidies	17	126.199	126.199
13.	- Earnings from purchases in advantageous conditions	18	0	0
	<b>OPERATING INCOMES - TOTAL</b>	<b>19</b>	<b>23.456.554</b>	<b>20.928.384</b>
14.	a) Expenses for raw materials and consumables (acct. 601+602-7412)	20	9.114.436	7.996.529
	Other material expenses (acct. 603+604+606+608)	21	457.390	372.326
	b) Other external charges (for energy and water)(acct. 605-7413)	22	2.503.972	5.616.817
	c) Expenses on goods (acct. 607)	23	0	14.205
	Trade discounts received (acct. 609)	24	1.969	6.680
15.	Staff costs, out of which:	25	3.583.680	3.214.456
	a) Wages and salaries (acct. 641+642+643+644-7414)	26	3.501.957	3.141.224
	b) Insurance and social protection expenses (acct. 645-7415)	27	81.723	73.232
16.	a) Value adjustments on tangible and intangible assets	28	2.337.321	2.359.601
	a.1) Expenses (acct. 6811+6813)	29	2.337.321	2.359.601
	a.2) Expenses with depreciation of assets related to the rights to use leased assets	30		0
	a.3) Incomes (acct. 7813)	31	0	0
	b) Value adjustments on current assets	32	0	0
	b.1) Expenses (acct. 654+6814)	33	0	0
	b.2) Incomes (acct. 754+7814)	34	0	0
17.	Other operating expenses	35	1.380.457	1.684.338
	1. Expenses on external services (acct. 611+612+613+614+621+622+623+624+625+626+627+628-7416)	36	1.119.338	1.477.965

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

<b>INCOMES AND EXPENSES STATEMENT</b>		<b>Row no.</b>	<b>Financial year</b>	
			<b>31.03.2021</b>	<b>31.03.2022</b>
<b>Name of indicators</b>		<b>B</b>	<b>1</b>	<b>2</b>
<b>A</b>		<b>B</b>	<b>1</b>	<b>2</b>
2. Expenses with other taxes, fees and assimilated payments (acct. 635)	37	179.556	203.211	
3. Expenses with environmental protection	38		0	
4. Expenses related to fixed assets held for sale	39	0	0	
5. Expenses from revaluation of fixed assets	40	0	0	
6. Expenses regarding real estate investments	41	0	0	
7. Expenditures on biological assets	42	0	0	
8. Expenditure on disasters and other similar events	43	0	0	
9. Other expenses	44	81.563	3.162	
Adjustments for provisions	45	0	0	
- Expenses (acct. 6812)	46	0	0	
- Incomes (acct. 7812)	47	0	0	
<b>OPERATING EXPENSES - TOTAL</b>	<b>48</b>	<b>19.375.287</b>	<b>21.251.592</b>	
<b>OPERATING PROFIT OR LOSS</b>				
- Profit	<b>49</b>	<b>4.081.267</b>	<b>0</b>	
- Loss	<b>50</b>	<b>0</b>	<b>323.208</b>	
18. Income from shares in 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 operations with derivative instruments	55	0	0	
23. Income from exchange rate differences	56	26.514	1.333	
24. Interest income (acct.766*)	57	21	16	
- out of which, revenues from group entities	58	0	0	
25. Income from operating subsidies for interest due	59	0	0	
26. Income from short-term financial investments	60	0	0	
27. Other financial incomes	61	0	0	
28. <b>FINANCIAL INCOMES - TOTAL</b>	<b>62</b>	<b>26.535</b>	<b>1.349</b>	
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 regarding operations with securities and financial instruments	66	0	0	
31. Expenditure on derivative operations	67	0	0	
32. Interest expenses (acct. 666*-7418)	68	322.839	206.226	
- 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	43.024	12.386	
35. <b>FINANCIAL EXPENSES - TOTAL</b>	<b>72</b>	<b>365.863</b>	<b>218.612</b>	

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

<b>INCOMES AND EXPENSES STATEMENT</b>			<b>Financial year</b>	
			<b>31.03.2021</b>	<b>31.03.2022</b>
<b>Name of indicators</b>		<b>Row no.</b>	<b>1</b>	<b>2</b>
<b>A</b>		<b>B</b>	<b>1</b>	<b>2</b>
36	<b>FINANCIAL PROFIT OR LOSS:</b>			
	- Profit	73	0	0
	- Loss	74	339.328	217.263
37	<b>TOTAL REVENUES</b>	75	23.483.089	20.929.733
38	<b>TOTAL EXPENSES</b>	76	19.741.150	21.470.204
	<b>GROSS PROFIT OR LOSS:</b>			
	- Profit	77	3.741.939	0
	- Loss	78		540.471
40	<b>Current income tax (acct. 691)</b>	79	516.260	0
41	<b>Deferred income taxes (acct. 692)</b>	80	0	0
42	<b>Deferred income tax income</b>	81	0	0
43	Income tax expenses, determined by uncertainties related to tax treatments	82	0	0
44	Activity specific tax	83	0	0
45	<b>Other taxes not shown on the above items (acct. 698)</b>	84	0	0
46.	<b>NET PROFIT OR LOSS OF FINANCIAL YEAR:</b>			
	- Profit	85	3.225.679	0
	- Loss	86	0	540.471

**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**

<b>I. Data on the recorded result</b>	<b>Row no.</b>	<b>Units no.</b>	<b>Amounts</b>	
A	B	1	2	
Units that recorded profit:	01	0	0	
Units that recorded a loss:	02	1	540.471	
Units that recorded neither profit nor loss	03	0	0	
<b>II. Data on outstanding payments:</b>	<b>Row no.</b>	<b>Total, of which</b>	<b>For current activity</b>	<b>For investment activity</b>
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"))

<b>III. Medium number of employees</b>	<b>Row no.</b>	<b>31.03.2021</b>	<b>31.03.2022</b>
A	B	1	2
Medium number of employees	24	280	243
Actual number of employees	25	367	297
<b>IV. Payments of interest and royalties</b>	<b>Row no.</b>	<b>Amounts (lei)</b>	
A	B	1	
Gross income from interest paid by Romanian legal entities to non-resident individuals, out 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 individuals in the Member States of the European Union, out of which:	28	0	
- the tax owed to the state budget	29	0	
Gross income from interest paid by Romanian legal entities to non-resident affiliated legal entities, out of which:	30	0	
- the tax owed to the state budget	31	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:	32	0	
- the tax owed to the state budget	33	0	
Gross income from dividends paid by Romanian legal entities to non-resident legal entities, out 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, out 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, out 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, out 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, out of which:	42	7800	

**PREFAB S.A. BUCUREȘTI**  
**FINANCIAL STATEMENTS**

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

- royalties for public domain goods paid to the state budget	43	7800	
Paid mining royalty	44	0	
Gross income from services paid by Romanian legal entities to non-residents, out 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	
<b>V. Meal tickets</b>	<b>Row no.</b>	<b>Amounts (lei)</b>	
A	B	1	
Value of meal tickets granted to employees	56		
<b>VI. Research - development expenses, out of which:</b>	<b>Row no.</b>	<b>31.03.2021</b>	<b>31.03.2022</b>
A	B	1	2
Research - development expenses, out of which:	57	0	0
- by public funds	58	0	0
- by private funds	59	0	0
<b>VII. Innovation expenses:</b>	<b>Row no.</b>	<b>31.03.2021</b>	<b>31.03.2022</b>
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
<b>VIII. OTHER INFORMATION</b>	<b>Row no.</b>	<b>31.03.2021</b>	<b>31.03.2022</b>
A	B	1	2

**PREFAB S.A. BUCUREȘTI**  
**FINANCIAL STATEMENTS**

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

Advance payments for intangible assets	64		
Advance payments for tangible assets	65	<b>1.298.584</b>	<b>2.610.350</b>
<b>Financial assets, in gross amounts, of which:</b>	<b>66</b>	<b>9.439.872</b>	<b>9.439.872</b>
Shares in affiliates, participating interests, other assets and long-term bonds, in gross amounts, out of which:	67		.
		9.439.669	168.969
- quoted shares issued by residents	68		
- unquoted shares issued by residents	69	9.420.750	150.050
- 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
<b>Fixed receivables, in gross amounts, out of which:</b>	<b>75</b>	<b>203</b>	<b>203</b>
- 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		
<b>Trade receivables, advances granted to suppliers and other similar accounts, in gross amounts (acct. 409+ 411 + 413 + 418)</b>	<b>78</b>	<b>29.658.151</b>	<b>30.026.006</b>
<b>Receivables related to personnel and assimilated accounts (acct. 425 + 4282)</b>	<b>79</b>	<b>43.011</b>	<b>0</b>
<b>Receivables related to the social insurance budget and the state budget (acct. 431 + 437 +4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482)</b>	<b>80</b>	<b>134.425</b>	<b>521.089</b>
<b>Receivables entity related to the affiliated entities (acct. 451)</b>	<b>81</b>	<b>0</b>	<b>0</b>
<b>Other receivables (acct. 451 + 453 + 456 + 4582 + 461 + 471 + 473)</b>	<b>82</b>	<b>3.945</b>	<b>10.034</b>
Interest to be receivable (acct. 5187)	83	0	0
Short-term investments, in gross amounts (acct. 501 + 505 + 506 + din ct.508), out 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

**PREFAB S.A. BUCUREȘTI**  
**FINANCIAL STATEMENTS**

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

Other amounts receivable (acct. 5113 + 5114)	92	0	0
<b>Cash in lei and foreign currency, out of which</b>	<b>93</b>	<b>290</b>	<b>3.450</b>
- in lei (acct. 5311)	94	290	3.450
- in foreign currency (acct. 5314)	95	0	0
<b>Other current accounts at banks and credit, out of which</b>	<b>96</b>	<b>4.103.176</b>	<b>4.103.176</b>
- in lei (acct. 5121)	97	4.101.442	440.812
- in foreign currency (acct. 5124)	98	1.734	1.618
<b>Other current accounts at banks and credit, out of which</b>	<b>99</b>	<b>0</b>	<b>0</b>
- 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
<b>Liabilities, of which:</b>	<b>102</b>	<b>46.734.362</b>	<b>42.647.131</b>
- 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
<b>- Short-term domestic bank loans and interest (acct. 5191 + 5192 + 5197 + from acct. 5198), out of which:</b>	<b>106</b>	<b>24.150.000</b>	<b>20.551.947</b>
- in lei	107	24.150.000	20.551.947
- in foreign currency	108	0	0
- Short-term foreign bank loans and interest (acct. 5193 + 5194+ 5195 + from acct. 5198), out of which:	109	0	0
- in lei	110	0	0
- in foreign currency	111	0	0
<b>- Long-term bank loans and interest (acct. 1621 + 1622 + 1627 + from acct. 1682) out of which:</b>	<b>112</b>	<b>9.702.672</b>	<b>4.823.384</b>
- in lei	113	9.702.672	4.823.384
- in foreign currency	114	0	0
- Long-term foreign loans (acct. 1623 + 1624 + 1625 + from acct. 1682) (88+89)	115	0	0
- in lei	116	0	0
- in foreign currency	117	0	0
- Credits from the state treasury (acct. 1626 + from acct. 1682)	118	0	0
<b>- Other loans and related interests (acct. 166 + 167 + 1685 + 1686 + 1687)</b>	<b>119</b>	<b>0</b>	<b>0</b>
- in lei and expressed in lei, whose settlement is based on a foreign currency	120	0	0
- in foreign currency	121	0	0

**PREFAB S.A. BUCUREȘTI**  
**FINANCIAL STATEMENTS**

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

- Trade payables, advances from customers and other similar accounts in gross amounts (acct. 401 + 403 + 404 + 405 + 408 + 419)	122	9.485.248	15.335.259
- Debts related to staff and similar accounts (acct. 421 + 423 + 424 + 426 + 427 + 4281)	123	1.100.644	1.022.218
- Debt related to the social insurance budget and state budget (acct. 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481)	124	2.236.799	750.409
- Liabilities of entity related to affiliate entities (acct. 451)	125	0	0
- Amounts due to shareholders/associates (acct. 455)	126	0	0
- Other liabilities (acct. 451 + 453 + 455 + 456 + 457 + 4581 + 462 + 472 + 473 + 269 + 509)	127	58.999	163.914
- 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		
<b>IX. Informations regarding the expenses with contributors</b>	<b>Row no.</b>	<b>31.03.2021</b>	<b>31.03.2022</b>
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

**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 March 31, 2022.

The Board of Directors of PREFAB S.A. confirms, in respect of the Financial Statements prepared on March 31, 2022, the following:

- a) The Financial Statements on March 31, 2022 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 March 31, 2022 are in accordance with the applicable accounting regulations.
- c) The Financial Statements prepared on March 31, 2022 provides a true picture 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**

**STATUS OF CHANGES IN EQUITY for a period of 3 months ending on 31.03.2021**

	<b>Social capital</b>	<b>Share capital adjustments (acct. 1028)</b>	<b>Other equity items (acct. 1034)</b>	<b>Capital premium</b>	<b>Own shares</b>	<b>Reserves</b>	<b>Reported and current result</b>	<b>Total</b>
<b>January 1, 2022</b>	<b>24.266.709</b>	<b>0</b>	<b>(464.592)</b>	<b>14.305.342</b>	<b>0</b>	<b>158.598.630</b>	<b>19.851.547</b>	<b>216.557.636</b>
Current overall result	0	0	0	0	0	0	-540.471	-540.471
Allocations of legal reserve	0	0	0	0	0	0	0	0
Allocations of other reserves	0	0	0	0	0	0	0	0
Distribution of dividends						0	0	0
Increases in the reserve from the revaluation of fixed assets	0	0	0	0	0	0	0	0
Revaluation reserve transfer in the reported result	0	0	0	0	0	0	0	0
<b>March 31, 2022</b>	<b>24.266.709</b>	<b>0</b>	<b>(464.592)</b>	<b>14.305.342</b>	<b>0</b>	<b>158.598.630</b>	<b>19.311.076</b>	<b>216.017.165</b>

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

Economic Manager,  
**Ec. Boitan Daniela**

**STATEMENT OF CASH FLOWS**  
**Indirect method**

Item name	31.03.2021	31.03.2022
<b>Cash flows from operating activities:</b>		
<b>Net profit before tax</b>	3.741.939	-540.471
<i>Adjustments for:</i>		
Depreciation and value adjustments related to tangible and intangible assets	2.337.321	2.359.601
Value adjustments reversed during the year	0	0
Subsidies - variation	-126.199	-126.198
Interest expenses and other financial expenses	365.963	218.612
Interest income and other financial income	-26.535	-1.349
Loss/(profit) from the sale of tangible assets	0	0
Profit tax paid	-516.260	0
Operating profit before changes in working capital		
Decrease/ increase of commercial and other receivables	763.550	452.606
Decrease/ increase of stocks	-2.499.525	-530.709
Decrease/ increase of commercial and other debts	2.613.839	-5.614.630
<b>Net cash from operating activities</b>	<b>6.653.993</b>	<b>-3.782.538</b>
<b>Cash flows from investment activities:</b>		
Payments for the acquisition of tangible and intangible assets	-274.175	-124.523
Proceeds from the sale of tangible and intangible assets	0	0
Interest received	26.535	1.349
<b>Net cash from investment activities</b>	<b>-247.640</b>	<b>-123.174</b>
<b>Cash flows from financing activities:</b>		
Loans received	13.265.000	33.314.813
Loan repayments	-15.998.712	-29.260.819
Interest paid	-322.839	-218.612
Net cash flow from financing activities	<b>-3.056.551</b>	<b>3.835.382</b>
Net increase/decrease in cash and cash equivalents	<b>3.349.802</b>	<b>-70.328</b>
Cash and cash equivalents at the beginning of the financial year	<b>753.664</b>	<b>516.208</b>
Cash and cash equivalents at the end of the financial year	<b>4.103.466</b>	<b>445.880</b>

**Chairman of the Board of Directors,**  
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**Economic Director,**  
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## **EXPLANATORY NOTES to the interim individual situations prepared on 31.03.2022**

Russia's invasion of Ukraine on 24 February 2022 has triggered a war in Europe that threatens the entire world order. The conflict has caused an inflationary shock that has manifested itself strongly in all sectors of the national economy on the supply side of natural gas, oil-fuel, industrial raw materials causing price increases and bottlenecks in production chains, already affected by the COVID-19 pandemic.

The decrease in the supply of raw materials and energy products and, on the other hand, the increase in prices and the decrease in the purchasing power of consumers caused the reduction of the company's production activity in the first quarter of 2022.

The health crisis caused by COVID-19, has in turn influenced the economic environment in the last two years, having multiple negative implications for its functioning.

In these special conditions, which the economic environment has never experienced before, the company has paid increased attention to its activities and has acted prudently in its management.

At present the most worrying phenomenon is the increase in inflation, which is causing a decrease in demand in the building materials market due to the decrease in purchasing power and the orientation towards existing products by consumers.

Under these conditions, on 31 March 2022 compared to the same period in 2021, there is a bottleneck in the building materials market due to the decrease in purchasing power, and in the market for precast reinforced and prestressed concrete, electrical poles, highway elements, prefabricated parts for hypermarkets or supermarkets, beams for road bridges, the cause is the lack of large projects for national infrastructure and skilled labour, the market remains at a low level due to financial bottlenecks in national investment.

The economic climate is still characterized by excessive and changing taxation, with the risk of increasing taxes and duties to finance public expenditure, cumbersome legislation, excessive bureaucracy in obtaining the necessary permits and authorizations for operations, currency risk with influence on the price of some raw materials and materials.

The turnover registered as of 31.03.2022 is up by 1.22% compared to that registered as of 31.03.2021, the increase in this indicator being due to the increase in sales prices.

The operating result recorded a depreciation on 31.03.2022, -323.208 lei, compared to 4.081.267 lei, recorded on 31.03.2021, the decrease being due to the current economic context of reduction of activity.

The financial result recorded on 31.03.2022 is -217.263 lei, compared to -339.328 lei recorded in the same period of 2021, a decrease due to bank loan repayments made in this period, as the interest rate curve is increasing.

The value of fixed assets decreased by 0.86 %, from 207,794,752 lei (31.12.2021) to 206,010,976 lei (31.03.2022), a decrease due to depreciation of land and buildings, technical installations and machinery, other installations, equipment and furniture.

The value of current assets and other assets increased by 0.01 %, from 56,532,853 lei (31.12.2021) to 56,540,628 lei (31.03.2022), while net current assets increased to 18,676,678 lei compared to 17,903,345 lei as of 31.12.2021.

Total liabilities remain in the same range of values, recording a decrease of 2.54%, from 43,756,463 lei (31.12.2021) to 42,647,131 lei (31.03.2022).

As of 31.03.2022, total income of 20,929,733 lei was realised, representing 89.13% of the income realised in the same period of 2021 and total expenditure of 21,470,204 lei, representing 108.75% of the expenditure realised in the same period of 2021. Under these conditions the gross result is (540,471) lei, a significant loss, depreciation compared to the results recorded in the same period of 2021.

During 2022 no significant mergers or reorganizations of the company were made and no main assets of the company were sold.

### **Analysis of the Company's business**

**Present and analyze events or factors of uncertainty that affects or could affect the company's liquidity, compared to the same period of the last year.**

During 2022, there were various risks, but they were predictable and properly managed by the management of the company, situation that has generated no 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.

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 equity affiliates, classified according to IAS 39 in “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 the conditions of this economic crisis.

## **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 globalization of the infection with the new coronavirus COVID 19 causes negative effects such as:

- slowing down the supply activity;
- postponement/ decrease of sales;
- possible cases of staff illness or the childcare leave.

In the Company 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, 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 at and from work, and where possible, certain categories of non-productive staff have been chosen 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 the military ordinances 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 3 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 resulting repercussions (closure of businesses and stores, closure borders, the effects on the operation of the company could be amplified.

In February 2022, global geopolitical tensions escalated significantly following military interventions in Ukraine by the Russian Federation. As a result of these escalations, economic uncertainties in the energy and capital markets have increased, with global energy prices expected to be highly volatile in the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the company's financial outlook and cannot rule out negative consequences for the business, operations and financial condition. Management believes that it is taking all necessary measures to support the sustainability and growth of the company's business in the current circumstances and that the professional reasoning in these financial statements remains adequate. The risks are as presented above.

## **The risk of war**

If the situation of the armed conflict in Ukraine escalates there is a risk of partial or total cessation of activity, rampant inflation, reduced trade and investment, increased taxation and bank interest, there may be material destruction and loss of life.

**Present and analyze the effects of capital expenditures, current or anticipated on the company compared to the same period of the 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.

The investments in 2021 will be made from own sources.

**Present and analyze economic changes that significantly affect the revenues from basic activity.**

**Among the factors that exerted a negative influence over the results of the company, we mention:**

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

**Changes affecting the Company's share capital and management.**

Not applicable

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

Not applicable

**Description of any changes regarding the rights of holders of securities issued by the company.**

Not applicable

**Significant transactions**

For the issuers of shares, information on major transactions concluded by the issuer with persons acting in collaboration or in which these people were involved in the relevant time period.

Not applicable

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