

PREFAB S.A. BUCURESTI

Preliminary individual financial statements prepared in accordance with the International Financial Reporting Standards - for the year ended on 31.12.2020

(the amounts are expressed in RON)

**Preliminary situation of financial position
on 31 December 2020**

Name of indicators	31.12.2019	31.12.2020
1. Fixed assets, out of which:	227.954.693	214.904.042
1.1 Intangible assets	11.502	14.798
1.2 Tangible assets	215.564.166	211.753.355
1.3 Real estate investments	2.930.000	2.959.000
1.4 Biological assets	9.156	8.121
1.5 Financial assets	9.439.869	168.768
2. Current assets, total out of which	45.360.256	45.226.939
2.1 Stocks	12.336.561	14.244.881
2.2 Trade receivables	32.391.071	30.228.394
2.3 Cash and cash equivalents	632.624	753.664
3. Expenses in advance	1.003.507	431.330
Total Assets	274.318.456	260.562.311

4. Own capitals	31.12.2019	31.12.2020
4.1 Subscribed and paid share capital	24.266.709	24.266.709
4.2 Adjustment of share capital (IAS 29)	0	0
4.3 Other components of the own capital	(387.605)	(470.673)
4.4 Share premiums	14.305.342	14.305.342
4.5 Revaluation reserves	112.777.937	117.173.624
4.6 Legal reserves	4.537.002	4.952.446
4.7 Other reserves	33.471.043	34.529.441
4.8 Own shares	0	0
4.9 Reported result (117)	9.552.175	9.552.175
4.10 Reported result (118)	0	0
4.11 Profit or loss of period	1.123.974	5.849.534
4.12 Distribution of profit	(65.575)	(415.444)
Total of own capitals	199.581.002	209.743.154
5. Subsidies for investments	5.039.763	4.518.302
6. Long-term liabilities, out	16.812.385	11.457.057

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of which:		
1. Amounts due to credit institutions and other liabilities	16.367.991	10.986.384
2. Other debts	444.394	470.673
Current debts, out of which:	52.885.306	34.843.998
1. Trade debts and other type of debts	23.650.908	7.188.765
2. Amounts due to credit institutions	27.150.000	25.600.000
3. Debts of current taxes	2.084.398	2.055.233
TOTAL LIABILITIES:	274.318.456	260.562.511

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

**Economic Manager,
Ec. Boitan Daniela**

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Profit and loss account - preliminary on 31 December 2020

Name of indicators	31.12.2019	31.12.2020
1.1 Net turnover	65.321.303	88.352.526
1.2 Changes in inventories of finished goods and production in progress	6.427.492	3.086.192
1.3 Incomes from production of tangible assets	6.641.778	0
1.4 Incomes from real estate investments	14.000	106.000
1.5 Others incomes	579.982	1.715.957
1. OPERATING INCOMES - TOTAL	78.984.555	93.260.675
2.1 Raw materials and consumables used	29.379.114	34.274.076
2.2 Other external expenses (for energy and water)	14.836.728	8.030.794
2.3 Employee benefits expense	13.728.957	13.239.622
2.4 Depreciation and amortization expenses	7.792.530	10.238.523
2.5 Other expenses	9.350.510	7.543.625
2. OPERATING EXPENSES - TOTAL	75.087.839	73.326.640
3. OPERATING PROFIT OR LOSS	3.896.716	19.934.035
4. Financial incomes	88.279	342.887
5. Financial expenses	2.673.487	11.585.297
6. FINANCIAL PROFIT OR LOSS	(2.585.208)	(11.242.410)
7. Total incomes	79.072.834	93.603.562
8. Total expenses	77.761.326	84.911.937
9. GROSS PROFIT	1.311.508	8.691.625
10. Profit tax	187.534	2.842.091
11. NET PROFIT	1.123.974	5.849.534

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The year 2020 can be characterized as a difficult and unusual year. The health crisis caused by SARS-COV2 had multiple influences on the economic environment. In order to overcome the difficulties, the company has adopted strategies that allow to cross this special period, based on adaptability, flexibility as well as prudence regarding the managerial act.

Even if, on the whole, in the construction sector the trend has remained at a normal level (especially for the AAC product), the market demand for certain products and in certain time intervals has been influenced by the evolution of the number of cases of infections and by the restrictions imposed by the authorities for the prevention of diseases. As a result, the company's priorities have changed in the sense that the health and physical well-being of employees, customers and partners has come first. At the same time, we tried to offer our employees, clients and collaborators simpler solutions for working through the digital environment.

Regarding the market of prefabricated 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, on the market maintaining the same low level, especially due to the financial blockages in the national investment field. For the AAC product, the market was at a normal level.

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.

The turnover registered in 2020 is increasing by 35.26% compared to the one registered in 2019, the increase of this indicator being mainly due to the optimization of the production processes and the attraction of new clients in the portfolio by expanding the market.

The operating result in 2020 is in the amount of 19.934.035 lei, compared to 3.896.716 lei, registered in 2019. The increase is due to the optimization of production costs, increased productivity, factors that have favorably impacted the margins obtained.

The financial result registered in 2020 is in the amount of -11.242.410 lei, decreasing compared to -2.585.208 lei registered in 2019, the decrease being due to the adjustment on account of the financial expenses of the value of the securities held in Fotbal Club Prefab SA until the level of their recoverable value, as provided in IAS 36 "Impairment of assets" taking into account the fact that the procedure for dissolution and liquidation of this company is initiated, in which PREFAB SA holds the majority stake, respectively 99.87% of the share capital and the fact that the book value of PREFAB SA holdings exceeds the book value of the net assets of Fotbal Club Prefab SA, on 31.12.2020.

On 31.12.2020 total revenues in the amount of 93.603.562 lei were realized, representing 118.38% compared to the revenues realized in the same period of 2019 and total expenses in the amount of 84.911.937 lei, representing 109.20% compared to the expenses realized in the same period of the year 2019. In these conditions the gross result is of 8.691.625 lei, and the net profit is in the amount of 5.849.534 lei, a significant increase compared to the results registered in the same period of 2019.

The value of fixed assets decreased by 5.73 %, from 227.954.693 lei (31.12.2019) to 214.904.242 lei (31.12.2020), a decrease due to depreciation of the positions: land and construction, technical installations and machines, other installations, equipment and furniture, as well as the establishment of value adjustments for the securities held at Fotbal Club Prefab SA.

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The value of current assets and other assets decreased by 1.52 %, from 46.363.763 lei (31.12.2019) to 45.658.269 lei (31.12.2020), while net current assets increased by 10.309.476 lei compared to -7.051.338 lei registered on 31.12.2019.

The total debts of the company decreased by 33.57%, from 69.697.691 lei (31.12.2019) to 46.301.055 lei (31.12.2020), a decrease due to bank loan repayments made during this period and the reduction of commercial debts.

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

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

PREFAB S.A. Board of Directors hereby declares that assumes responsibility for the preliminary financial statements made on 31.12.2020.

PREFAB S.A. Board of Directors, in respect of the preliminary financial statements made on 31.12.2020, confirm the following:

a) The preliminary financial statements made on 31.12.2020 are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

b) The accounting policies used in preparing the preliminary financial statements made on 31.12.2020 are in accordance with applicable accounting regulations.

b) The preliminary financial statements made on 31.12.2020 provide an accurate image of the financial position, financial performance and other information related to the business.

The company operates in conditions of continuity.

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

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