

Quarterly report for the third quarter

Quarterly report according to Regulation of Financial Supervisory Authority no. 5/2018 - Annex 13

Report date: 01.11.2023

Company name - Prefab S.A.

Head Office - Bucharest, Dr. Iacob Felix, nr. 17 - 19, et.2, sector 1

Work point: Calarasi, Bucuresti str., nr. 396.

Phone/fax: 021-3315116/ 021-3305980

Unique registration code at the Trade Register Office: RO1916198

Commercial register number: J40/9212/2003

Subscribed and paid-up share capital: 24.266.709,5 lei

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

Main characteristics of the issued securities: the company has issued a total of 48,533,419 registered shares with a nominal value of 0.5 lei each, dematerialized.

Accounting standard applied: International Financial Reporting Standards

A. Economic and financial indicators

Indicator name	Calculation method	Result
1.Current liquidity indicator	Current assets(current)/current liabilities	$54.027.520/33.851.108=1.60$
2.Debt ratio indicator	Borrowed capital (t0+t1)/Equity (t0+t1)	$[(34.166.708+38.949.141)/2]/[(217.331.164+213.293.894)/2]=0.17$
3.Rotational speed of customer flows	Average customer balance/turnover x 270	$[(28.524.401+29.564.186)/2] / 89.469.682 \times 270=88$
4.Turnover speed of fixed assets	Turnover/fixed assets	$89.469.682/200.740.957=0.44$

B. Other information

1. Economic and financial situation

a. FINANCIAL POSITION - lei

	01.01.2023	30.09.2023
Tangible fixed assets	201.881.713	200.576.291
Intangible assets	26.971	9.343
Real estate investment	0	0
Investments in affiliated entities	150.050	150.050
Biological actives	6.049	5.273
TOTAL FIXED ASSETS	202.064.783	200.740.957
Stocks	22.529.006	23.830.814
Trade and other receivables	28.524.401	29.564.186
Cash and cash equivalents	1.507.104	632.520
Other assets (prepaid expenses)	381.290	604.674
TOTAL CURRENT ASSETS	52.941.801	54.632.194
1. TOTAL ASSETS	255.006.584	255.373.151
Share capital	24.266.709	24.266.709
Other equity items	(458.880)	(458.880)
Capital premium	14.305.342	14.305.342
Revaluation reserves	117.173.624	117.173.624
Book	45.185.398	47.638.852
Retained earnings except those arising from the first-time adoption of IAS 29	9.552.175	9.552.175
Profit at the end of the reporting period	7.756.629	816.072
Profit sharing	449.833	0
2. TOTAL EQUITY	217.331.164	213.293.894
Long-term loans	4.328.188	4.639.153
Trade debts - suppliers	0	0
Other liabilities including long-term tax liabilities	458.880	458.880
TOTAL LONG-TERM DEBT	4.787.068	5.098.033
Trade and other payables	6.573.081	16.208.898
Short-term loans	22.806.559	17.642.210
TOTAL SHORT-TERM DEBT	29.379.640	33.851.108
Investment grants	3.508.712	3.130.116
3. TOTAL LIABILITIES	255.006.584	255.373.151

b. STATEMENT OF INCOME AND EXPENDITURE - lei

	30.09.2022	30.09.2023
NET TURNOVER	72.932.612	89.469.682
Change in stocks of finished goods and work in progress	(2.223.465)	1.461.586
Income from the production of tangible fixed assets	0	1.962.813
Other income	490.348	1.245.824
OPERATING INCOME - TOTAL	71.199.495	94.139.905
Raw materials and consumables used	23.603.778	37.272.611
Other material expenditure	1.542.298	1.623.581
Other external expenditure (energy and water)	13.440.426	18.287.904
Expenditure on goods	16.849	223.281
Trade discounts received	(302.292)	(188.567)
Staff expenditure, of which	10.538.293	18.826.496
-Salaries and allowances	10.255.183	18.399.262
-Insurance and social protection costs	283.110	427.234
Value adjustments on intangible assets, tangible fixed assets, investment property and biological assets valued at cost	7.086.819	7.311.776
Expenditure		
Income	7.086.819	7.311.776
Value adjustments on current assets		
Expenditure	0	0
Income	0	0
	0	0
Other operating expenditure of which		
-Expenditure on external benefits	5.273.689	8.182.075
-Other taxes, duties and charges and assimilated spills	4.371.082	6.833.319
-Other expenditure	869.847	1.101.695
	32.760	247.061
OPERATING EXPENDITURE - TOTAL	61.199.860	91.539.157
OPERATING PROFIT OR LOSS	9.999.635	2.600.748
Income from exchange rate differences	49.750	138.542
Interest income + other financial income	74.387	62
FINANCIAL INCOME	124.137	138.604
Interest-related expenditure	1.156.352	1.479.682
Other financial charges	81.900	185.188
FINANCIAL EXPENSES	1.238.252	1.664.870

FINANCIAL PROFIT OR LOSS	(1.114.115)	(1.526.266)
TOTAL REVENUE	71.323.632	94.278.509
TOTAL EXPENDITURE	62.438.112	93.204.027
GROSS PROFIT	8.885.520	1.074.482
Corporate tax	1.432.426	258.410
NET PROFIT	7.453.094	816.072

EXPLANATORY NOTES to the individual interim financial statements as at 30.09.2023

In the year 2023, the national economy continues to face multiple challenges related to stability and predictability that are amplified by very high inflation and by the problems related to the economic implications of the armed conflict at the border, caused by the invasion of Ukraine by Russia on February 24, 2022, which triggered a war in Europe threatening the entire world order.

Since 2020 the economy has faced numerous crises, starting with the health crisis, then the crisis caused by the economic lockdown that affected the supply chain, followed by the energy crisis in Europe, culminating in the crisis triggered by the war in Ukraine. This whole spiral of crises caused an inflationary shock that manifested itself strongly in all sectors of the national economy both in terms of prices for electricity, natural gas, fuels, industrial raw materials causing price increases and bottlenecks in production chains. We are also witnessing a significant increase in financing costs. These consequences slow down the pace of economic activities.

The current economic context is dominated by significant uncertainties, and there is no possibility to make accurate forecasts for the coming period.

Although we have gone through a special period that the economic environment has not experienced before, the company has paid increased attention to the activity and has acted with prudence and responsibility in the managerial act.

Currently the most worrying phenomenon is the increase in inflation, which causes a decrease in demand in the building materials market, due to the decrease in purchasing power and the orientation of consumers towards existing products.

Under these conditions, on 30 September 2023, compared to the same period in 2022, the bottleneck in the building materials market caused by the decrease in consumer purchasing power will continue. As for the market of reinforced and prestressed concrete precast products, 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 remaining at a low level due to financial bottlenecks in national investment. Although investments from

European funds are vital for the Romanian economy, their absorption is below the optimal level. The implementation of the PNRR and the absorption of European funds should be a major objective for Romania.

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

The turnover recorded on 30.09.2023 is increasing by 22.67 % compared to that recorded on 30.09.2022, the appreciation of this indicator being due to the increase in sales prices on inflationary background.

The operating result recorded a depreciation on 30.09.2023 by 73.99%, compared to that recorded on 30.09.2022, the decrease being due to the current economic context of reduction of activity.

The financial result recorded on 30.09.2023 is in the amount of -1.526.266 lei, compared to -1.114.115 lei recorded in the same period of 2022, as a result of the increase in the cost of financing and without increasing the exposure to financial institutions.

The value of fixed assets decreased by 0.66 %, from 202.064.783 lei (31.12.2022) to 200.740.957 lei (30.09.2023), 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 3.19 %, from 52,941,801 lei (31.12.2022) to 54,632,194 lei (30.09.2023), while net current assets depreciated, recording a value of 20,276,291 lei compared to 23,057,366 lei recorded on 31.12.2022.

Total debts increased by 13.99%, from 34,166,708 lei (31.12.2022) to 38,949,141 lei (30.09.2023), mainly due to inflation, which caused the increase in supply prices and labour costs.

As of 30.09.2023, total revenues amounted to 94,278,509 lei, representing 132.18% of the revenues realized in the same period of 2022 and total expenses amounted to 93,204,027 lei, representing 149.27% of the expenses realized in the same period of 2022. The gross result under these conditions is 1,074,482 lei.

During 2023 there were no significant mergers or reorganisations of the company and no major assets of the company were disposed of.

2. Analysis of company activity

2.1. Present and analyse all events or uncertainty factors that affect or could affect the liquidity of the company, compared to the same period last year.

During 2023, there were various risks, but these were foreseeable and managed appropriately by the company's management, a situation that did not result in substantial additional costs.

The company is exposed to the following risks:

- Credit risk;
- Liquidity risk;
- Market risk;
- Currency risk;
- Operational risk;
- Balancing cost risk;
- Taxation risk.
- Risks related to forecasting and war

Credit risk

Credit risk is the risk that the Company will incur a financial loss as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations, and this risk arises mainly from trade receivables.

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

The main financial instruments used by the company from which financial instrument risks arise are:

- Trade and other receivables;
- Cash and cash equivalents;
- Investments in unquoted affiliated entities, classified under IAS 39 in "available-for-sale financial assets";
- Trade and other debts;

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with debts that are settled in cash or by transferring another financial asset. The Company's approach to liquidity risk is to ensure, so far as practicable, that it holds at all times sufficient cash to meet liabilities when they fall due, both under normal and stressed conditions, without incurring unacceptable losses or jeopardising the Company's reputation.

The company has committed long-term loans.

To counter this risk factor, the company has implemented restrictive policies for the delivery of products to uncertain customers. An important role has been played by the company's policy of requiring, in certain cases, payment in advance for products delivered and a careful selection of new customers, based on their creditworthiness and financial discipline. Guarantees were requested in the case of delivery contracts and an attempt was made to reduce the number of days set by contract for payment of receivables by the company's customers. Mortgage guarantee contracts have been extended in favour of banks with which we have open credit lines and bank letters of guarantee so that we can honour our obligations in the event of cash shortages.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and reduced market demand will affect the Company's revenues.

Market risk - the instability of the market for building materials, characterized by a significant drop in demand, a risk that is addressed through market research and marketing policies. Risk of price volatility for electricity, methane gas, metals, diesel, addressed by finding new suppliers or renegotiating contracts with traditional suppliers.

Exposure to interest rate risk

The Company's exposure to the risk of changes in interest rates relates mainly to the Company's long-term floating rate loans.

Interest rate risk management

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

Currency risk

The company has transactions in a currency other than the functional currency (RON). Transactions made in foreign currency are converted into lei at the exchange rate valid on the transaction date. The risk of exchange rate fluctuations was generally prevented by adequate management in the economic crisis.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the Company's processes, people, technology and infrastructure, as well as from external factors other than credit, market and liquidity risk, such as those arising from legal and regulatory requirements and generally accepted standards of organisational behaviour. The Company is also exposed to catastrophe risk. In these circumstances the company has acted to take out disaster insurance policies to protect the company's assets.

Operational risks arise from all the Company's operations. Primary responsibility for developing and implementing operational risk controls rests with the entity's management. This responsibility is supported by the development of the Company's generated operational risk management standards in the following areas:

- Separation of responsibilities requirements;
- Alignment with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for periodic analysis of the operational risk to which the Company is exposed and the adequacy of controls and procedures to prevent identified risks;
- Requirements for reporting operational losses and proposals for remedying the causes of these losses;
- Developing business continuity plans;
- Professional development and training;
- Setting ethical standards;
- Litigation risk prevention, including insurance where applicable;
- Risk mitigation, including efficient use of insurance where appropriate.

Balancing cost risk

This risk is specific to the electricity generation and sales business and is generated by possible unrealistic forecasts of hourly electricity delivery quantities and volumes which may impact the financial situation through additional balancing costs. This risk is considered to be reduced as a result of the forecasting activity carried out by the special department within the entity.

Taxation risk

Since January 1, 2007, as a result of Romania's accession to the European Union, the Company has had to comply with the European Union regulations and consequently has prepared itself for the application of the changes brought by the European legislation.

The company has implemented these changes, but the implementation remains open to tax audit for 5 years and even 7 years from the 2009 financial year.

The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations harmonised with the European legislation may vary from entity to entity, and there is a risk that in certain situations the tax authorities may adopt a different position from that of the Company.

The Company may continue to be subject to tax audits as new tax regulations are issued.

Risks related to forecasting and war

In February 2022, global geopolitical tensions escalated significantly following the Russian Federation's military interventions in Ukraine. 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 for the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial prospects and cannot exclude negative consequences for its business, operations and financial condition. Management believes that it is taking all necessary steps to support the sustainability and growth of the Company's business in the current circumstances and that the business judgements in these financial statements remain appropriate.

If the situation of the armed conflict in Ukraine, and more recently the conflict in the Middle East, escalates, there is a risk of partial or total shutdown of activity, galloping inflation, reduction of trade and investment, increase in taxation and bank interest rates, material destruction and loss of human life.

Risks related to the economic activity forecast depend on the evolution of the armed conflict, as analysts talk of a new economic recession next year.

2.2. Specify and analyse the effects of all current and anticipated capital expenditure on the company compared to the same period last year.

The investments made are in accordance with the Investment Program for 2023, consisting in the purchase of machinery and continuing the automation of technological processes, aspects that will increase the productivity of work, the economic result of the company and improve the working microclimate.

Investments in 2023 are made from own and borrowed sources.

2.3. Specify and analyse the economic changes that significantly affect income from core business.

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

- the war in Ukraine, the instability in the East;
- energy crisis and rising gas and electricity prices;
- the rise in fuel prices, due to instability in the East;
- rising inflation;
- rising prices for raw materials and fuel;
 - increase in bank interest rates;
 - increasing macroeconomic imbalances, with negative implications for the market;
- the penetration on the domestic market of products similar to those of the imported company (fibre-brick tubes);
- inconsistency in the legislative field;
- Excessive bureaucracy in obtaining the necessary permits and authorizations for operation.
- excessive and changing taxation;
- pandemic caused by the new coronavirus;

2.4. Changes affecting the share capital and management of the company.

This is not the case

3.1. Describe any instance in which the company was unable to meet its financial obligations during the period in question. Not applicable.

3.2. Description of any changes in the rights of holders of securities issued by the company. Not applicable.

4. Significant transactions

In the case of issuers of shares, information on major transactions entered into by the issuer with persons with whom it acts in concert or in which such persons have been involved during the relevant time period. Not applicable.

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

**Economic Director,
Ec. Boitan Daniela**

Press Release - Quarterly Report - Third Quarter of 2023

Report date: 01.11.2023

Company name: PREFAB SA

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

Operating office: Calarasi, Bucuresti str., nr. 396.

Phone/fax number: 021-3315116 / 021-3305980

Unique registration code at the Trade Register Office: RO1916198

Commercial register number: J40/9212/2003

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

Subscribed and paid-up share capital: 24.266.709,5 lei

Main characteristics of the issued securities: the company has issued a total of 48,533,419 registered shares with a nominal value of 0.5 lei each, dematerialized.

Accounting standard applied: International Financial Reporting Standards

In the first quarter of 2023 the national economy continues to face multiple challenges related to stability and predictability that are amplified by very high inflation but also by problems related to the economic implications of the armed conflict at the border, caused by Russia's invasion of Ukraine on 24 February 2022, which triggered a war in Europe threatening the entire world order.

Since 2020 the economy has faced numerous crises, starting with the health crisis, then the crisis caused by the economic lockdown that affected the supply chain, followed by the energy crisis in Europe, culminating in the crisis triggered by the war in Ukraine. This whole spiral of crises caused an inflationary shock that manifested itself strongly in all sectors of the national economy in terms of prices for electricity, natural gas, fuels, industrial raw materials causing price increases and blockages in the production chains. We are also witnessing a significant increase in financing costs. These consequences slow down the pace of economic activities.

The current economic context is dominated by significant uncertainties, and there is no possibility to make accurate forecasts for the coming period.

Although we have gone through a period of economic uncertainty, the company has paid close attention to its activities and has acted prudently and responsibly 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 of consumers towards existing products.

Under these conditions, on 30 September 2023 compared to the same period in 2022, the bottleneck in the building materials market caused by the decrease in consumer purchasing power will continue. As for the market of precast reinforced and prestressed concrete products, electric poles, highway elements, prefabricated parts for hypermarkets or supermarkets, beams for road bridges, the cause is the lack of large projects for the national infrastructure and skilled labor, the market remaining at a low level due to financial bottlenecks in the national investment field. Although investments from European funds are vital for the Romanian economy, their absorption is below the optimal level. The implementation of the PNRR and the absorption of European funds should be a major objective for Romania.

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bureaucracy in obtaining the necessary permits and authorizations for operation, currency risk with influence on the price of some raw materials and materials.

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The value of fixed assets decreased by 0.66%, from 202.064.783 lei (31.12.2022) to 200.740.957 lei (30.09.2023), decrease due to depreciation of land and buildings, technical installations and machinery, other installations, equipment and furniture.

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Total liabilities increased by 13.99%, from 34,166,708 lei (31.12.2022) to 38,949,141 lei (30.09.2023), mainly due to inflation, which led to an increase in supply prices and labour costs.

As at 30.09.2023, total income of 94,278,509 lei was realised, representing 132.18% of the income realised in the same period of 2022 and total expenditure of 93,204,027 lei, representing 149.27% of the expenditure realised in the same period of 2022. The gross result under these conditions is 1.074.482 lei.

Indicators (lei)	31.12.2022	30.09.2023	Variation
Fixed assets	202.064.783	200.740.957	-0.66%
Current and other assets	52.941.801	54.632.194	+3.19%
Total debts	34.166.708	38.949.141	+13.99%
Equity and other liabilities	220.839.876	216.424.010	-1.99%

Indicators (lei)	30.09.2022	30.09.2023	Variation
Net turnover	72.932.612	89.469.682	+22.67%
Other operating income	(1.733.117)	4.670.223	+369.46%
Operating expenses	61.199.860	91.539.157	+49.57%
Operating result	9.999.635	2.600.748	-73.99%
Depreciation	7.086.819	7.311.776	+3.17%
EBITDA	17.086.454	9.912.254	-41.99%
Financial income	124.137	138.604	+11.65%
Financial expenses	1.238.252	1.664.870	+34.45%
Financial result	(1.114.115)	(1.526.266)	+36.99 %
Total income	71.323.632	94.278.509	+32.18%
Total expenditure	62.438.112	93.204.027	+49.27 %
Gross profit	8.885.520	1.074.482	-87.91%
Net profit	7.453.094	816.072	-89.05%

Third quarter report 2023 is not audited.

To view the full report presenting the Company's activity for the period January-September 2023 please consult the company's website and the link below.

Milut Petre Marian
General Director

COUNTY: BUCHAREST	FORM OF OWNERSHIP: JOINT STOCK COMPANY
LEGAL ENTITY: PREFAB S.A.	MAIN ACTIVITY
ADDRESS: STR. DR. IACOB FELIX, NR. 17-19, SECTOR 1, BUCHAREST	(CAEN group name): MANUFACTURING OF CONCRETE BUILDING PARTS
PHONE: 0242/311.715	CAEN GROUP CODE: 2361
TRADE REGISTER NUMBER: 40/9212/04.07.2003	UNIQUE TAX REGISTRATION CODE: 1916198

STATEMENT OF ASSETS, LIABILITIES AND EQUITY
On 30.09.2023

RON

Item name		Row no.	Balance on:	
			1 January 2023	30 September 2023
A		B	1	2
A.	FIXED ASSETS			
	I. INTANGIBLE FIXED ASSETS			
	1. Development expenditure	01	0	0
	2. Concessions, patents, licences, trademarks, similar rights and assets and other intangible assets	02	26.971	9.343
	3. Goodwill	03	0	0
	4. Advances	04	0	0
	5. Intangible assets for mining and evaluation of mineral resources	05	0	
	TOTAL	06	26.971	9.343
	II. TANGIBLE IMMOBILISATIONS			
	1. Land and buildings	07	147.119.782	145.672.915
	2. Technical installations and machinery	08	50.453.270	48.417.188
	3. Other plant, machinery and furniture	09	28.855	36.674
	4. Real estate investments	10	0	0
	5. Tangible fixed assets in course of construction	11	1.277.585	2.368.777
	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	3.002.221	4.080.737
	TOTAL	16	201.881.713	200.576.291
	III. Productive biological assets	17	6.049	5.273
	IV. Rights of use of leased assets	18	0	0
	V. FINANCIAL FIXED ASSETS			
	1. Shares held in subsidiaries	19	149.850	149.850
	2. Loans granted to group entities	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	150.050	150.050
	FIXED ASSETS - TOTAL	21	202.064.783	200.740.957
B.	CURRENT ASSET			
	I. STOCKS			
	1. Raw materials and consumables	27	6.959.120	7.825.118
	2. Assets held for sale	28	0	0
	3. Production in progress	29	336.710	981.377
	4. Finished products and goods	30	14.776.936	14.367.435
	5. Advances	31	456.240	656.884

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

Item name	Row no.	Balance on:	
		1 January 2023	30 September 2023
A	B	1	2
TOTAL	32	22.529.006	23.830.814
II. RECEIVABLES			
1. Commercial creditor	33	28.179.018	29.102.177
2. Advances paid	34	37.851	65.674
3. Amounts receivable from group entities	35	0	0
4. Amounts receivable from jointly controlled entities	36	0	0
5. Claims arising from derivative transactions	37	0	0
6. Other claims	38	307.532	396.335
7. Subscribed and paid-up capital	39	0	0
8. Dividend receivables distributed during the financial year	40		
TOTAL	41	28.524.401	29.564.186
III. SHORT-TERM INVESTMENTS	42	0	0
IV. CASH AND BANK ACCOUNTS	43	1.507.104	632.520
CURRENT ASSETS - TOTAL	44	52.560.511	54.027.520
C. PREPAID EXPENSES	45	381.290	604.674
Amounts to be taken back within a period of up to one year	46	381.290	604.674
Amounts to be taken back in more than one year	47	0	0
D. DEBTS: AMOUNTS TO BE PAID WITHIN A PERIOD OF UP TO ONE YEAR			
1. Borrowings from bond issues	48	0	0
2. Amounts due to credit institutions	49	22.806.559	17.642.210
3. Advances received on orders	50	440.122	2.909.509
4. Trade debts - suppliers	51	4.303.348	7.689.907
5. Paying bills	52	0	0
6. Amounts due to entities without group	53	0	0
7. Amounts due to associated entities and jointly controlled entities	54	0	0
8. Liabilities arising from derivative transactions	55		
9. Other liabilities, including tax and social security liabilities	56	1.829.611	5.609.482
TOTAL	57	29.379.640	33.851.108
E. NET CURRENT ASSETS/ NET CURRENT LIABILITIES	58	23.057.366	20.276.291
F. TOTAL ASSETS MINUS CURRENT LIABILITIES	59	225.122.149	221.017.248
G. DEBTS: AMOUNTS TO BE PAID IN MORE THAN ONE YEAR			
1. Borrowings from bond issues	60	0	0
2. Amounts due to credit institutions	61	4.328.188	4.639.153
3. Advances received on orders	62	0	0
4. Trade debts - suppliers	63	0	0
5. Paying bills	64	0	0

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

Item name	Row no.	Balance on:	
		1 January 2023	30 September 2023
A	B	1	2
6. Amounts due to entities without group	65	0	0
7. Amounts due to associated entities and jointly controlled entities	66	0	0
8. Liabilities arising from derivative transactions	67		
9. Other liabilities, including tax and social security liabilities	68	458.880	458.880
TOTAL	69	4.787.068	5.098.033
H. PROVISIONS			
1. Provisions for employee benefits	70	0	0
2. Other provisions	71	0	0
TOTAL	72	0	0
I. PREPAID INCOME			
1. Investment grants	73	3.508.712	3.130.116
Amounts to be taken back in up to one year	74	504.795	504.795
Amounts to be taken back in more than one year	75	3.003.917	2.625.321
2. Prepaid income, of which	76	0	0
Amounts to be taken back in up to one year	77	0	0
Amounts to be taken back in more than one year	78	0	0
3. Prepaid income on assets transferred from customers, of which	79	0	0
Amounts to be taken back in up to one year	80		
Amounts to be taken back in more than one year	81		
TOTAL	82	3.508.712	3.130.116
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. Subscribed paid-in capital	83	24.266.709	24.266.709
2. Unsubscribed capital	84	0	0
3. Subscribed capital representing financial liabilities	85	0	0
4. Assets of the autonomous entity	86	0	0
5. Adjustments to the share capital SC	87	0	0
SD	88	0	0
6. Other equity items SC	89	0	0
SD	90	458.880	458.880
TOTAL	91	23.807.829	23.807.829
II. CAPITAL PREMIUM	92	14.305.342	14.305.342
III. REVALUATION RESERVES	93	117.173.624	117.173.624
IV. RESERVES			
1. Legal reserves	94	6.023.988	6.023.988
2. Statutory or contractual reserves	95	0	0
3. Other reserves	96	39.161.410	41.614.864
TOTAL	97	45.185.398	47.638.852
Exchange differences on translation of 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 actions	100	0	0
Gains related to equity instruments	101	0	0

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

Item name		Row no.	Balance on:	
			1 January 2023	30 September 2023
A		B	1	2
Losses related to equity instruments		102	0	0
V. RESULT CARRIED FORWARD WITH THE EXCEPTION OF RES REP PR FROM THE FIRST-TIME ADOPTION OF IAS 29		Balance C	103	9.552.175
		Balance D		
		104	0	0
VI. RETAINED EARNINGS FROM THE FIRST-TIME ADOPTION OF IAS 29		Balance C	105	0
		Balance D	106	0
VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD		Balance C	107	7.756.629
		Balance D	108	0
Profit sharing		109	449.833	0
EQUITY - TOTAL		110	217.331.164	213.293.894
Private wealth		111	0	0
Public Heritage		112	0	0
CAPITAL - TOTAL		113	217.331.164	213.293.894

Administrator,

Full name
MILUT PETRE MARIAN

Signature
 Unit stamp

Prepared by,

Full name: **BOITAN DANIELA**
 Quality: Economic Director

Signature

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

STATEMENT OF INCOME AND EXPENDITURE		Row no.	Financial year	
			30.09.2022	30.09.2023
			1	2
Name of indicators		B		
A		B	1	2
1.	Net turnover (acct. 02+03-04+05+06)	01	72.932.612	89.469.682
	Production sold (acct. 701+702+703+704+705+706+708)	02	73.850.323	91.278.402
	Proceeds from the sale of goods (acct. 707)	03	24.538	298.404
	Trade discounts granted (acct. 709)	04	942.249	2.107.124
	Income from operating subsidies on net turnover (acct.7411)	05	0	0
2.	Income relating to costs of stocks of products (acct.711+712)	Balance C 06	0	1.461.586
		Balance D 07	2.223.465	0
3.	Income from the production of real estate and investment property	08	0	1.962.813
4.	Income from the production of tangible and intangible fixed assets (acct. 721+ 722)	09	0	1.962.813
5.	Income from real estate investment production	10	0	0
6.	Income from fixed assets held for sale	11	0	0
7.	Income from the revaluation of fixed assets	12	0	0
8.	Income from real estate investments	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 revenue (acct.758+7417+7815) of which	16	490.348	1.245.824
12.	- Income from investment grants	17	378.596	378.596
13.	- Earnings from bargain purchases	18	0	0
	OPERATING INCOME - TOTAL	19	71.199.495	94.139.905
14.	a) Expenditure on raw materials and consumables (acct.601+602-7412)	20	23.603.778	37.272.611
	Other material expenditure (acct.603+604+606+608)	21	1.542.298	1.623.581
	b) Other external expenditure (energy and water)(acct.605-7413)	22	13.440.426	18.287.904
	c) Expenditure on goods (acct.607)	23	16.849	223.281
	Trade discounts received (acct. 609)	24	302.292	188.567
15.	Staff expenditure, of which:	25	10.538.293	18.826.496
	a) Wages and allowances (acct.641+642+643+644-7414)	26	10.255.183	18.399.262
	b) Insurance and social protection expenditure (acct.645-7415)	27	283.110	427.234
16.	a) Value adjustments on tangible and intangible fixed assets	28	7.086.819	7.311.776
	a.1) Expenditure (acct.6811+6813)	29	7.086.819	7.311.776
	a.2) Expenditure on assets and rights to use leased assets	30	0	0
	a. 3) Revenue (acct.7813)	31	0	0
	b) Value adjustments on current assets	32	0	0
	b.1) Expenditure (acct.654+6814)	33	0	0
	b.2) Revenue (acct.754+7814)	34	0	0
17.	Other operating expenditure	35	5.273.689	8.182.075
	1. Expenditure on external services (acct. 611+612+613+614+621+622+623+624+625+626+627+628-7416)	36	4.371.082	6.833.319
	2. Expenditure on other taxes, duties and similar charges (acct. 635)	37	869.847	1.101.695
	3.Environmental protection expenditure	38	0	0
	4. Expenditure related to fixed assets held for sale	39	0	0
	5. Expenditure from revaluation of fixed assets	40	0	0

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

STATEMENT OF INCOME AND EXPENDITURE		Row no.	Financial year	
			30.09.2022	30.09.2023
Name of indicators			1	2
A		B		
6.	Expenditure on real estate investments	41	0	0
7.	Expenditure on biological assets	42	0	0
8.	Expenditure on disasters and other similar events	43	0	0
9	Other expenditure	44	32.760	247.061
	Adjustments to provisions	45	0	0
	- Expenditure (acct.6812)	46	0	0
	- Revenue (acct.7812)	47	0	0
	OPERATING EXPENDITURE - TOTAL	48	61.199.860	91.539.157
	OPERATING PROFIT OR LOSS		0	0
	- Profit	49	9.999.635	2.600.748
	- Losing	50	0	0
18.	Income from shares held in subsidiaries	51	0	0
19.	Income from shares held in associates	52	0	0
20.	Income from shares held in associates and jointly controlled entities	53	0	0
21	Income from securities and other derivatives transactions	54	0	0
22	Income from derivative transactions	55	0	0
23.	Income from exchange rate differences	56	49.750	138.542
24.	Interest income (acct.766*)	57	758	12
	- of which, income 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 income	61	73.629	50
28	FINANCIAL INCOME - TOTAL	62	124.137	138.604
29..	Value adjustments on financial fixed assets and investments held as current assets	63	0	0
	- Expenditure (acct.686)	64	0	0
	- Revenue (acct.786)	65	0	0
30	Expenditure on transactions in securities and financial instruments	66	0	0
31	Expenditure on derivative transactions	67	0	0
32	Interest expenditure (acct.666*-7418)	68	1.156.352	1.479.682
	- of which, expenses in relation to group entities	69	0	0
33	Ch on interest on leasing contracts	70	0	0
34	Other financial charges (acct.663+664+665+667+668)	71	81.900	185.188
35	FINANCIAL EXPENDITURE - TOTAL	72	1.238.252	1.664.870
36	FINANCIAL PROFIT OR LOSS:			
	- Profit	73	0	0
	- Loss	74	1.114.115	1.526.266
37	TOTAL REVENUE	75	71.323.632	94.278.509
38	TOTAL EXPENDITURE	76	62.438.112	93.204.027

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

STATEMENT OF INCOME AND EXPENDITURE		Row no.	Financial year	
			30.09.2022	30.09.2023
Name of indicators				
A		B	1	2
	GROSS PROFIT OR LOSS:			
	- Profit	77	8.885.520	1.074.482
	- Loss	78	0	0
40	Current income tax (acct.691)	79	1.432.426	258.410
41	Delayed income tax (acct.692)	80	0	0
42	Deferred income tax revenue	81	0	0
43	Expenditure with corporate income tax, caused by uncertainties about tax treatments	82	0	0
44	Activity-specific tax	83	0	0
45	Other taxes not shown under the above items (acct. 698)	84	0	0
46.	NET PROFIT OR LOSS FOR THE FINANCIAL YEAR:			
	- Profit	85	7.453.094	816.072
	- Loss	86		

Administrator,

Full name
MILUT PETRE MARIAN

Signature
 Unit stamp

Prepared by

Full name: **BOITAN DANIELA**
 Quality: Economic Director

Signature

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

INFORMATIVE DATA

I. Data on the recorded result	Row no.	No. of units	Amounts	
A	B	1	2	
Units that recorded a profit:	01	0	0	
Units that recorded a loss:	02	1	816.072	
Units that have 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 - , 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 social security liabilities - total, of which:	09	0	0	0
- state social security contributions payable by employers, employees and other assimilated persons	10	0	0	0
- contributions to the social 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 the budgets of special funds and other funds	15	0	0	0
Outstanding obligations to other creditors	16	0	0	0
Unpaid taxes and duties to the state budget on time	17	0	0	0
Unpaid taxes and duties to local budgets on time	18	0	0	0
Bank loans not repaid on maturity - total , of which:	19	0	0	0
- outstanding after 30 days	20	0	0	0
- outstanding after 90 days	21	0	0	0
Remaining after 1 year	22	0	0	0
Remaining interest rates	23	0	0	0

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

III. Average number of employees	Row no.	30.09.2022	30.09.2023
A	B	1	2
Average number of employees	24	249	360
Actual number of employees	25	302	429
IV. Interest and royalty payments	Row no.	Amounts (lei)	
A	B	1	
Gross interest income paid by Romanian legal entities to non-resident individuals, of which:	26	0	
- tax due to the state budget	27	0	
Gross interest income paid by Romanian legal entities to non-resident individuals from EU Member States, of which:	28	0	
- tax due to the state budget	29	0	
Gross interest income paid by Romanian legal entities to non-resident affiliated legal entities, of which:	30	0	
- tax due to the state budget	31	0	
Gross interest income paid by Romanian legal entities to non-resident legal entities from EU Member States, of which:	32	0	
- 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	
- 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 additions, of which:	36	0	
- tax due to the state budget	37	0	
Gross income from royalties paid by Romanian legal entities to non-resident affiliated legal entities from EU Member States, of which:	38	0	
- tax due to the state budget	39	0	
Gross royalty income paid by Romanian legal entities to non-resident legal entities, of which	40	0	
- tax due to the state budget	41	0	
Royalties paid during the reporting period for public goods received under concession, of which:	42	7800	
-receivables for public property paid to the state budget	43	7800	
Mining royalty paid	44	0	

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

Gross income from services paid by Romanian legal persons to non-resident persons, of which:	45	0	
- tax due to the state budget	46	0	
Gross income from services paid by Romanian legal entities to non-resident persons from EU Member States, of which:	47	0	
- 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 assets	50	0	
-revenue-related subsidies, of which:	51	0	
-subsidies to stimulate employment	52	0	
Outstanding receivables, which have not been collected within the deadlines stipulated in the commercial contracts and/or in the regulations in force, of which:	53	0	
-Outstanding receivables from majority or wholly state-owned sector entities	54	0	
-Overdue receivables from private sector entities	55	0	
V. Meal voucher	Row no.	Amounts (lei)	
A	B	1	
Reimbursement of meal vouchers granted to employees	56		
VI. Research and development expenditure, of which:	Row no.	30.09.2022	30.09.2023
A	B	1	2
R&D expenditure, of which:	57	0	0
- from public funds	58	0	0
- from private funds	59	0	0
VII. Innovation expenditure:	Row no.	30.09.2022	30.09.2023
Innovation expenditure - tota, of which:	60	0	0
- innovation expenditure completed during the period	61	0	0
- innovation expenditure being finalised during the period	62	0	0
- innovation expenditure abandoned during the period	63	0	0
VIII. OTHER INFORMATION	Row no.	30.09.2022	30.09.2023
A	B	1	2
Advances granted for intangible assets	64		
Advances for tangible fixed assets	65	4.616.972	4.080.737
Financial fixed assets, gross of which:	66	150.050	150.050

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

Shares held in affiliated entities, participating interests, other fixed assets and long-term bonds, gross of which:	67	150.050	150.050
- listed shares issued by residents	68		
- unquoted shares issued by residents	69	150.050	150.050
- shares issued by residents	70	0	0
- bonds issued by residents	71	0	0
- shares issued by collective investment undertakings (including SIFs) issued by residents	72	0	0
- shares issued by non-residents	73	0	0
- bonds issued by non-residents	74	0	0
Non-current assets, gross of which:	75	203	203
- claims immobilized in lei and expressed in lei, whose settlement is made according to the exchange rate of a currency (from acct. 267)	76	203	203
- fixed foreign currency claims (from acct. 267)	77		
Trade receivables, advances to suppliers and other similar accounts, in amounts gross (acct. 409+ 411 + 413 + 418)	78	33.306.299	29.299.034
Claims in respect of staff and similar accounts (acct. 425 + 4282)	79	0	0
Claims relating to the social security budget and the state budget (acct. 431 + 437 +4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482)	80	293.699	324.949
Claims of the entity in relations with affiliated entities (acct .451)	81	0	0
Other claims (acct. 451 + 453 + 456 + 4582 + 461 + 471 + 473)	82	10.738	71.386
Interest receivable (acct. 5187)	83	0	0
Gross short-term investments (acct. 501 + 505 + 506 + of acct. 508), of which	84	0	0
- listed shares issued by residents	85	0	0
- unquoted shares issued by residents	86	0	0
- shares issued by residents	87	0	0
- bonds issued by residents	88	0	0
- shares issued by resident collective investment undertakings (including SIFs)	89	0	0
- shares issued by non-residents	90	0	0
- bonds issued by non-residents	91	0	0
Other receivables (acct. 5113 + 5114)	92	0	0
Cash in lei and in foreign currency , of which	93	187	2.766
- in lei (acct. 5311)	94	187	2.766
- in foreign currency (acct. 5314)	95	0	0
Current accounts with banks in lei and foreign currency, of which	96	1.410.456	629.754

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

- in lei (acct. 5121)	97	1.396.746	628.897
- in foreign currency (acct. 5124)	98	13.710	857
Other current accounts with banks and letters of credit, of which	99	0	0
- amounts pending settlement, letters of credit and other receivables, in lei (acct. 5112 + 5125 + 5411)	100	0	0
- amounts in course of settlement and letters of credit in foreign currency (acct. 5125 + 5412)	101	0	0
Debts, of which:	102	41.898.229	38.949.140
- Gross borrowings from bond issues and related interest (acct. 161 + 1681)	103	0	0
- in lei	104	0	0
- in foreign currency	105	0	0
- Short-term domestic bank loans and related interest (acct. 5191 + 5192 + 5197 + of acct. 5198), of which	106	17.433.887	17.642.210
- in lei	107	17.433.887	17.642.210
- in foreign currency	108	0	0
-Short-term external bank loans and related interest (acct. 5193 + 5194 + 5195 + of 5198), of which	109	0	0
- in lei	110	0	0
- in foreign currency	111	0	0
- Long-term bank loans and related interest (acct. 1621 + 1622 + 1627) + from acct. 1682) of which	112	4.155.887	4.639.153
- in lei	113	4.155.887	4.639.153
- in foreign currency	114	0	0
- Long-term external loans (acct. 1623 + 1624 + 1625 + of acct. 1682) (88+89)	115	0	0
- in lei	116	0	0
- in foreign currency	117	0	0
- Appropriations from the State Treasury (acct. 1626 + from acct. 1682)	118	0	0
- Other loans and related interest (acct. 166 + 167 + 1685 + 1686 + 1687)	119	0	0
- in lei and expressed in lei, the settlement of which is made according to the exchange rate a currency	120	0	0
- in foreign currency	121	0	0
- Trade payables, advances received from customers and other similar accounts, in gross amount (acct. 401 + 403 + 404 + 405 + 408 + 419)	122	11.115.763	10.599.417
- Liabilities in respect of staff and similar accounts (acct. 421 + 423 + 424 + 426) + 427 + 4281)	123	1.065.654	1.618.290

S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

(all amounts are expressed in new lei ("RON"))

- Liabilities to the social security budget and the state budget (acct. 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481)	124	2.161.563	1.475.874
- Liabilities of the entity towards affiliated 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	5.965.475	2.974.197
- Interest payable (acct. 5186)	128	0	0
Paid-up subscribed capital (acct. 1012) of which,	129	24.266.709	24.266.709
- listed shares	130	24.266.709	24.266.709
- unquoted shares	131		
- social shares	132		
- non-residents' paid-up subscribed capital (acct. 1012)	133		
Patents and licences (from acct. 202)	134		
IX.Information on expenses with collaborators	Row no.	30.09.2022	30.09.2023
A	B	2	2
Expenditure on collaborators (acct. 621)	135	0	0

Administrator,

Full name
MILUT PETRE MARIAN

Signature
Unit stamp

Prepared by

Full name: BOITAN DANIELA
Quality: Economic Director

Signature

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

The Board of Directors of PREFAB S.A. hereby declares that it assumes responsibility for the preparation of the Financial Statements prepared as at 30 September 2023.

The Board of Directors of PREFAB S.A. confirms the following with regard to the Financial Statements as at 30 September 2023:

a) The Financial Statements as at 30 September 2023 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

b) The accounting policies used in the preparation of the Financial Statements as at 30 September 2023 are in accordance with applicable accounting regulations.

c) The Financial Statements as at 30 September 2023 give a true and fair view of the financial position, financial performance and other information relating to the business.

d) The Company carries on its business on a going concern basis.

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 SHAREHOLDERS' EQUITY for the 9-month period just ended on 30.09.2023

	Share capital	Adjustments to share capital (acct. 1028)	Other equity items (acct. 1034)	Capital premium	Own shares	Reserves	Retained earnings and current result	Total
01 January 2023	24.266.709	0	(458.880)	14.305.342	0	162.359.022	16.858.971	217.331.164
Current overall result							816.072	816.072
Legal reserve allocations						0	0	0
Allocations to other reserves						2.453.454	(2.453.454)	0
Dividend distribution						0	(4.853.342)	(4.853.342)
Increase in reserve from revaluation of fixed assets						0		0
Transfer of revaluation reserve to retained earnings								0
30 September 2023	24.266.709	0	(458.880)	14.305.342	0	164.812.476	10.368.247	213.293.894

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

**Economic Director,
Ec. Boitan Daniela**

STATEMENT OF CASH FLOWS
Indirect method

<u>The element's name</u>	30.09.2022	30.09.2023
Cash flows from operating activities:		
	7.453.094	816.072
Net profit before tax		
<i>Adjustments for:</i>		
Depreciation and value adjustments related to tangible and intangible assets	7.086.819	7.311.776
Value adjustments reversed during the year		
Subsidies - variation	-378.596	-378.596
Interest expenses and other financial expenses	1.238.252	1.664.870
Interest income and other financial income	-124.137	-138.604
Loss/ (profit) from the sale of tangible assets		
Profit tax paid	1.432.426	258.410
Operating profit before changes in working capital		
Decrease/increase of commercial and other receivables	-1.928.652	-1.039.785
Decrease/increase of stocks	1.433.632	-1.301.808
Decrease/increase of commercial and other debts	-14.274.615	1.803.085
Net cash from operating activities	1.938.223	8.995.420
Cash flows from investment activities		
Payments for the acquisition of tangible and intangible assets	-197.762	-3.990.354
Proceeds from the sale of tangible and intangible assets		
Interest received	124.137	138.604
Net cash from investment activities		
Cash flows from financing activities	-73.625	-3.851.750
Loans received	49.801.949	48.150.982
Loan repayments	49.533.860	-53.004.367
Interest paid	-1.238.252	-1.164.870
Net cash flow from financing activities	-970.163	-6.018.254
Net increase/decrease in cash and cash equivalents	894.435	-874.584
Cash and cash equivalents at the beginning of the period	516.208	1.507.104
Cash and cash equivalents	1.410.643	632.520

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

Economic manager,
Ec. Boitan Daniela

EXPLANATORY NOTES to the individual interim financial statements as at 30.09.2023

In the year 2023, the national economy continues to face multiple challenges related to stability and predictability that are amplified by very high inflation and by the problems related to the economic implications of the armed conflict at the border, caused by the invasion of Ukraine by Russia on February 24, 2022, which triggered a war in Europe threatening the entire world order.

Since 2020 the economy has faced numerous crises, starting with the health crisis, then the crisis caused by the economic lockdown that affected the supply chain, followed by the energy crisis in Europe, culminating in the crisis triggered by the war in Ukraine. This whole spiral of crises caused an inflationary shock that manifested itself strongly in all sectors of the national economy both in terms of prices for electricity, natural gas, fuels, industrial raw materials causing price increases and bottlenecks in production chains. We are also witnessing a significant increase in financing costs. These consequences slow down the pace of economic activities.

The current economic context is dominated by significant uncertainties, and there is no possibility to make accurate forecasts for the coming period.

Although we have gone through a special period that the economic environment has not experienced before, the company has paid increased attention to the activity and has acted with prudence and responsibility in the managerial act.

Currently the most worrying phenomenon is the increase in inflation, which causes a decrease in demand in the building materials market, due to the decrease in purchasing power and the orientation of consumers towards existing products.

Under these conditions, on 30 September 2023, compared to the same period in 2022, the bottleneck in the building materials market caused by the decrease in consumer purchasing power will continue. As for the market of reinforced and prestressed concrete precast products, 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 remaining at a low level due to financial bottlenecks in national investment. Although investments from European funds are vital for the Romanian economy, their absorption is below the optimal level. The implementation of the PNRR and the absorption of European funds should be a major objective for Romania.

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

The turnover recorded on 30.09.2023 is increasing by 22.67 % compared to that recorded on 30.09.2022, the appreciation of this indicator being due to the increase in sales prices on inflationary background.

The operating result recorded a depreciation on 30.09.2023 by 73.99%, compared to that recorded on 30.09.2022, the decrease being due to the current economic context of reduction of activity.

The financial result recorded on 30.09.2023 is in the amount of -1.526.266 lei, compared to -1.114.115 lei recorded in the same period of 2022, as a result of the increase in the cost of financing and without increasing the exposure to financial institutions.

The value of fixed assets decreased by 0.66 %, from 202.064.783 lei (31.12.2022) to 200.740.957 lei (30.09.2023), 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 3.19 %, from 52,941,801 lei (31.12.2022) to 54,632,194 lei (30.09.2023), while net current assets depreciated, recording a value of 20,276,291 lei compared to 23,057,366 lei recorded on 31.12.2022.

Total debts increased by 13.99%, from 34,166,708 lei (31.12.2022) to 38,949,141 lei (30.09.2023), mainly due to inflation, which caused the increase in supply prices and labour costs.

As of 30.09.2023, total revenues amounted to 94,278,509 lei, representing 132.18% of the revenues realized in the same period of 2022 and total expenses amounted to 93,204,027 lei, representing 149.27% of the expenses realized in the same period of 2022. The gross result under these conditions is 1,074,482 lei.

During 2023 there were no significant mergers or reorganisations of the company and no major assets of the company were disposed of.

2. Analysis of company activity

2.1. Present and analyse all events or uncertainty factors that affect or could affect the liquidity of the company, compared to the same period last year.

During 2023, there were various risks, but these were foreseeable and managed appropriately by the company's management, a situation that did not result in substantial additional costs.

The company is exposed to the following risks:

- Credit risk;
- Liquidity risk;
- Market risk;
- Currency risk;
- Operational risk;
- Balancing cost risk;
- Taxation risk.
- Risks related to forecasting and war

Credit risk

Credit risk is the risk that the Company will incur a financial loss as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations, and this risk arises mainly from trade receivables.

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each client and the country in which it operates. Most of the Company's clients operate in Romania. The main financial instruments used by the company from which financial instrument risks arise are:

- Trade and other receivables;
- Cash and cash equivalents;
- Investments in unquoted affiliated entities, classified under IAS 39 in "available-for-sale financial assets";
- Trade and other debts;

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with debts that are settled in cash or by transferring another financial asset. The Company's approach to liquidity risk is to ensure, so far as practicable, that it holds at all times sufficient cash to meet liabilities when they fall due, both under normal and stressed conditions, without incurring unacceptable losses or jeopardising the Company's reputation.

The company has committed long-term loans.

To counter this risk factor, the company has implemented restrictive policies for the delivery of products to uncertain customers. An important role has been played by the company's policy of requiring, in certain cases, payment in advance for products delivered and a careful selection of new customers, based on their creditworthiness and financial discipline. Guarantees were requested in the case of delivery contracts and an attempt was made to reduce the number of days set by contract for payment of receivables by the company's customers. Mortgage guarantee contracts have been extended in favour of banks with which we have open credit lines and bank letters of guarantee so that we can honour our obligations in the event of cash shortages.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and reduced market demand will affect the Company's revenues.

Market risk - the instability of the market for building materials, characterized by a significant drop in demand, a risk that is addressed through market research and marketing policies. Risk of price volatility for electricity, methane gas, metals, diesel, addressed by finding new suppliers or renegotiating contracts with traditional suppliers.

Exposure to interest rate risk

The Company's exposure to the risk of changes in interest rates relates mainly to the Company's long-term floating rate loans.

Interest rate risk management

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

Currency risk

The company has transactions in a currency other than the functional currency (RON). Transactions made in foreign currency are converted into lei at the exchange rate valid on the transaction date. The risk of exchange rate fluctuations was generally prevented by adequate management in the economic crisis.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the Company's processes, people, technology and infrastructure, as well as from external factors other than credit, market and liquidity risk, such as those arising from legal and regulatory requirements and generally accepted standards of organisational behaviour. The Company is also exposed to catastrophe risk. In these circumstances the company has acted to take out disaster insurance policies to protect the company's assets.

Operational risks arise from all the Company's operations. Primary responsibility for developing and implementing operational risk controls rests with the entity's management. This responsibility is supported by the development of the Company's generated operational risk management standards in the following areas:

- Separation of responsibilities requirements;
- Alignment with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for periodic analysis of the operational risk to which the Company is exposed and the adequacy of controls and procedures to prevent identified risks;
- Requirements for reporting operational losses and proposals for remedying the causes of these losses;
- Developing business continuity plans;
- Professional development and training;
- Setting ethical standards;
- Litigation risk prevention, including insurance where applicable;
- Risk mitigation, including efficient use of insurance where appropriate.

Balancing cost risk

This risk is specific to the electricity generation and sales business and is generated by possible unrealistic forecasts of hourly electricity delivery quantities and volumes which may impact the financial situation through additional balancing costs. This risk is considered to be reduced as a result of the forecasting activity carried out by the special department within the entity.

Taxation risk

Since January 1, 2007, as a result of Romania's accession to the European Union, the Company has had to comply with the European Union regulations and consequently has prepared itself for the application of the changes brought by the European legislation.

The company has implemented these changes, but the implementation remains open to tax audit for 5 years and even 7 years from the 2009 financial year.

The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations harmonised with the European legislation may vary from entity to entity,

and there is a risk that in certain situations the tax authorities may adopt a different position from that of the Company.

The Company may continue to be subject to tax audits as new tax regulations are issued.

Risks related to forecasting and war

In February 2022, global geopolitical tensions escalated significantly following the Russian Federation's military interventions in Ukraine. 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 for the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial prospects and cannot exclude negative consequences for its business, operations and financial condition. Management believes that it is taking all necessary steps to support the sustainability and growth of the Company's business in the current circumstances and that the business judgements in these financial statements remain appropriate.

If the situation of the armed conflict in Ukraine, and more recently the conflict in the Middle East, escalates, there is a risk of partial or total shutdown of activity, galloping inflation, reduction of trade and investment, increase in taxation and bank interest rates, material destruction and loss of human life.

Risks related to the economic activity forecast depend on the evolution of the armed conflict, as analysts talk of a new economic recession next year.

2.2. Specify and analyse the effects of all current and anticipated capital expenditure on the company compared to the same period last year.

The investments made are in accordance with the Investment Program for 2023, consisting in the purchase of machinery and continuing the automation of technological processes, aspects that will increase the productivity of work, the economic result of the company and improve the working microclimate.

Investments in 2023 are made from own and borrowed sources.

2.3. Specify and analyse the economic changes that significantly affect income from core business.

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

- the war in Ukraine, the instability in the East;
- energy crisis and rising gas and electricity prices;
- the rise in fuel prices, due to instability in the East;
- rising inflation;
- rising prices for raw materials and fuel;
 - increase in bank interest rates;
 - increasing macroeconomic imbalances, with negative implications for the market;
- the penetration on the domestic market of products similar to those of the imported company (fibre-brick tubes);
- inconsistency in the legislative field;

- Excessive bureaucracy in obtaining the necessary permits and authorizations for operation.
- excessive and changing taxation;
- pandemic caused by the new coronavirus;

2.4. Changes affecting the share capital and management of the company.

This is not the case

3.1. Describe any instance in which the company was unable to meet its financial obligations during the period in question. Not applicable.

3.2. Description of any changes in the rights of holders of securities issued by the company. Not applicable.

4. Significant transactions

In the case of issuers of shares, information on major transactions entered into by the issuer with persons with whom it acts in concert or in which such persons have been involved during the relevant time period. Not applicable.

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

**Economic Director,
Ec. Boitan Daniela**