REPORT OF THE ADMINISTRATORS
PREFAB SA for the year 2023
Annual Report according to OMFP 2844/2016 and A.S.F. Regulation no. 5/2018-Appendix 15

For the financial year - 2023
Report date - 25.04.2024
Company name - Prefab **SA**
Head Office - Bucharest, 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 - RO 1916198
Trade 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 number of 48,533,419 registered shares with a nominal value of 0.5 lei each, dematerialized.
Accounting standard applied - International Financial Reporting Standards
Auditing - The financial statements are audited.

1. Analysis of company activity

a. Description of the basic activity of the company

PREFAB SA's main activity is: Manufacture of concrete products for construction; CAEN Code - 2361.

The shareholder structure of PREFAB SA on 31.12.2023 was as follows:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	33.870.172	69.7873
CELCO SA CONSTANTA	12.795.000	26.3633
OTHER SHAREHOLDERS - LEGAL ENTITIES	79.912	0.1647
OTHER SHAREHOLDERS - INDIVIDUALS	1.788.335	3.6847
TOTAL	**48.533.419**	**100.0000**

b. Specification of the date of establishment of the company

The commercial company PREFAB SA was established in 1990, by taking over the entire patrimony of the former Intreprinderi de Materiale de Constructii Calarasi, established in 1967.
The commercial company PREFAB SA was organized in its current structure on the basis of Law no. 15/1990 and by HG no. 1200/12.11.1990, being registered at the Trade Register under no. J40/9212/2003.

c. Description of any significant mergers or reorganisations of the company, its subsidiaries or controlled companies during the financial year

In 2023 PREFAB SA was not subject to significant changes/reorganizations, mergers, divisions or dissolutions.
On 31.12.2023 the company has only one working point, namely : Point of Work Calarasi, Bucuresti str., nr. 396, jud. Calarasi

d. Description of acquisitions and/or disposals of assets

The value of tangible fixed assets increased by 1.35 %, from 201.881.713 lei (31.12.2022) to 204.609.934 lei (31.12.2023), an increase due to the investments made in new equipment as well as for the modernization of existing production equipment.

No assets have been disposed of that would affect the realisation of the company's main business purpose or affect the realisation of future economic benefits.

1.1.1. Elements of general evaluation

PREFAB SA has prepared the financial statements in accordance with the provisions of **OMFP 2844/2016** which are in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS), in force at the company's annual reporting date, i.e. 31.12.2023, obtaining the following general assessment *indicators*:

Gross profit	1,255,370 lei
Net profit	906,388 lei
Turnover	110,240,799 lei
Export including intra-Community deliveries:	22,667 lei
Costs (total expenditure)	119,373,876 lei
Operating expenses	117,214,683 lei
Financial expenses	2,159,193 lei
Financial income	147,809 lei
Operating income	120,481,437 lei
Total income:	120,629,246 lei

In 2023 , the national economy continued to face multiple challenges related to stability and predictability, which were amplified by very high inflation as well as the economic implications of the armed conflict at the border. Russia's invasion of Ukraine on 24 February 2022 triggered a war in Europe that threatens 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 and 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 and industrial raw materials, causing price increases and bottlenecks in production chains. At the same time we have seen a significant increase in financing costs. All these consequences are slowing down the pace of economic activity.

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

In the year 2023 compared to 2022, the bottleneck in the building materials market caused by the decrease in consumer purchasing power is expected to remain, with the housing market being significantly affected. The energy crisis triggered in 2021, strongly felt from 2022 onwards, has caused economic involvements at both global and national level which have led to a significant increase in production costs and therefore to a contraction in demand in the building materials market. The cost increases were driven by rising international and domestic prices for natural gas, electricity and fuel, which in turn caused a chain of increases for all products.

At the same time, 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 riskwith influence on the price of some raw materials and materials.

Currently the most worrying phenomenon is the increase in inflation, which has led to a decrease in demand in the building materials market due to the decrease in purchasing power and the shift towards existing products by consumers. Although it has been a difficult period, the company has been paying close attention to its activities and has acted prudently and responsibly in its management.

In this context, for Autoclaved Cellular Concrete (AAC), the masonry material produced by PREFAB SA, in 2023 the production was 303,214 m3 and sold 297,219 m3.

The market for precast reinforced and prestressed concrete products, electrical pylons, highway elements, precast parts for hypermarkets or supermarkets, beams for road bridges is affected by the lack of large projects for national infrastructure and of sufficiently skilled labour, 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.
In 2023 the total volume of precast elements produced and sold was 4,639.72 m3 to which 1,478.25 m^3 of ready-mixed concrete is added.
Regarding the activity of the cogeneration plant, in 2023, its operation depended primarily on the prices charged for natural gas in relation to the production activity in order to optimize energy and production costs.
The amount of electricity produced in 2023 was: 13,987.30 MWh of which 11,056.16 MWh was delivered to the NES, the difference of 2,931.14 MWh being used for domestic consumption. For the quantity of electricity delivered to the

NES, the company qualified for the cogeneration bonus under the support scheme for the promotion of high efficiency cogeneration.
The amount of thermal energy produced in 2023 was: 21,690.65 MWh, used entirely for domestic consumption.

Liquidity:

- house and bank accounts at the beginning of the period: 1.507.104 lei
- house and bank accounts at the end of the period: 503.717 lei
- cash flow: -1.003.387 lei
- current liquidity: 1.44
- immediate liquidity: 0.82

1.1.2. Evaluation of the technical level of the company

PREFAB SA is one of Romania's leading manufacturers of:

a. AAC (Autoclaved Cellular Concrete) with a capacity of approximately 500,000 m3/year
b. Prefabricated typified with a capacity of 20.000 m^3/year
c. Concrete pipes for water and sewage networks (Premo and Sentab technology)
d. Prefabricated unprinted

And one of the important suppliers in the local market of:

e. Concrete
f. Electricity (from April 2013)

The production structure is always correlated with market conditions and the required quantities and assortment.

Description of the main products and/or services provided, specifying:

a. the main markets for each product or service and the methods of distribution:

PREFAB SA is one of the leading national manufacturers of building materials, with a varied portfolio of marketed products.
The main markets are Romania and occasionally the Republic of Bulgaria and the Republic of Moldova.
In Romania the structure of the market is:

a. for AAC: Muntenia, Transylvania, Moldova
b. for Prefabricated: all Romania
c. for Aggregates, Ready-mix Concrete: local market

The sales policy is differentiated according to the specificity of each product.
a. AAC is sold through distributors or DIY (Do It Yourself) chains
b. Prefabricated products are sold by auction or negotiation on a project basis.

Sales by geographical area:

Geographical area	Sales in 2021	Sales in 2022	Sales in 2023
1. Muntenia	96.00%	92.75%	92.88%
2. Transylvania	0.19%	2.08%	3.02%
3. Moldova	3.80%	5.04%	4.09%
4. Bulgaria	0.00%	0.00%	0.00%
5. Republic of Moldova	0.01%	0.13%	0.01%

Due to the influence of transport costs, for optimization purposes, it is observed to carry out the sales activity in the geographical area where the company is located.

b. Share of each category of products or services in the turnover of the company for the last five years:

PREFAB SA has continuously pursued over the years the differentiation from national competitors, giving special importance to the modernization and modernization of the production process, increasing the quality of products and services offered to customers even in conditions of general decrease of purchasing power in the market.

Name of products	2022	2023
AAC	65.36%	72.54%

Tubes	2.50%	3.13%
Prefabricated	10.95%	12.33%
Electricity	16.8%	7.89%
Other products	4.39%	4.11%

c. the new products envisaged for which a substantial volume of assets will be allocated in the next financial year and the stage of development of these products

Due to the specific nature of the activity, Prefab SA has constantly new products on the production line, according to the demand structure in the prefabricated products market, products that are made to order, according to technical projects.

For the AAC product, the Hebel manufacturing technology is strict and does not allow any modification of the products which are produced according to international product standards, but in the AAC branch, there are permanent improvements on the technological manufacturing lines, updates of the process control computer systems, regular technological revisions and updates of the equipment (overhead travelling cranes, automatic cutting machine, autoclaving control, etc.).

The Prefabricated branch manufactures and sells the following types of products, standard-types, electrical poles, prefabricated structures and concrete.

Prefabricated standardised products are those standardised for different types of work. Centrifugally reinforced concrete poles for overhead power lines are standardised products with a special regime.

On the other hand, industrial and commercial projects (industrial or commercial halls such as hypermarkets) involve following the dimensions of the prefabricated products in the project, which practically means introducing new products and patterns into the manufacturing process, without a substantial volume of new assets for the production line.

Starting with 2013, the new products obtained are electricity and thermal energy, produced in high efficiency cogeneration, intended to cover the internal consumption necessary for the production process but also for the delivery of electricity to the NES.

1.1.3. Evaluation of the technical and material supply activity

The main objectives of the procurement activity were:
- reduction of purchasing costs, thus reducing production costs,
- identifying new suppliers,
- ensuring raw material and material requirements, spare parts, according to the stock policy,
- obtaining the best supply conditions when contracting (quality/price/payment terms).

The current stock, which includes the safety stock, ensures the smooth running of the production activity.
Main raw material suppliers: Heidelberg Cement, SMA Mineral, Celco , Grimm Metallpulver , Miras International , Mairon Bucharest, Engie Romania SA, E.ON Energie.
Commercial relations with the main suppliers of raw materials are based on compliance with the terms of the sale-purchase contracts concluded or extended at the beginning of each year. The choice of the supplier is made, having as basic principles, the quality-price ratio, the payment terms and the evolution of the market of the respective product.

1.1.4. Evaluation of sales activity

a. Description of the evolution of sales sequentially on the internal and/or external market and of the sales prospects in the medium and long term

The evolution of turnover over the last 2 years is as follows:

2022	2023
94.456.912	**110.240.799**

The medium and long term sales prospects are related to the existing capacities of the plant, i.e. the expansion of the production capacity. The share of turnover held by the 5 largest customers as at 31.12.2023 is 66.68%. Main customers : Prefab Invest, Arcocim, Arabesque, Dedeman , Intertranscom.

For the period 2024 - 2026 we aim to:
Internal market:

- Increasing sales volumes in traditional markets for AAC and winning new markets;
- Winning new markets for Prefabricated Typified in Banat, Oltenia, Ardeal;
- Winning new markets for Tubes in Banat, Oltenia, Ardeal, Moldova;
- Increasing sales volumes of Prefabricated Products and Tubes on traditional markets in Muntenia, Dobrogea, Moldova;
- In the long term to have a 10% market share of the prefabricated market.

External market:
- Winning new markets in the Republic of Bulgaria and the Republic of Moldova for the AAC product.

b. Description of the competitive situation in the company's field of activity, the market share of the company's products or services and the main competitors

Traditional competitors in the AAC market:
- Celco Constanta
- Elpreco Craiova
- Somaco
- Soceram
- Macon Deva

Traditional competitors in the precast and tube market:
- Asa Cons Consolis Turda
- Bauelemente Ploiesti
- Ergon Ploiesti
- Somaco Prefabricated Group
- Con A Sibiu
- Prefabricated meeting Timisoara
- Macon Deva
- Ferrobeton Ploiesti
- Buildcorp Prefabricate Iasi
- SW Umwelttechik Giurgiu Timisoara

c. Description of any significant dependence of the company on a single customer or group of customers whose loss would have a negative impact on the company's revenues

Both in terms of customer portfolio - distribution chain, as well as in terms of balanced territorial dispersion, Prefab SA is not significantly dependent on a single customer, and therefore the loss of a customer cannot have a negative impact on the company.

1.1.5. Assessment of employee/staff aspects of the company

a. the number and level of training of the company's employees and the degree of unionisation of the workforce

Employees	2022	2023
Average no.	257	338
Actual no.	301	244

In the relationship with the Employer, the employees are represented by the Prefab Free Trade Union. The degree of unionisation in 2023 is 99%.

In terms of *staff recruitment and selection*, this period is characterised by a limited supply of qualified staff, introducing more rigorous selection stages for potential candidates.

The company attaches great importance to professional training, organisation of *qualification courses*, working time efficiency and interdepartmental collaboration.

During 2023, *staff performance* was constantly *evaluated* and individual targets were set, with quarterly reviews.

During 2022 , the company initiated a project on recruitment of skilled labour from Tajikistan. During February-March 2023, 49 people with various qualifications from Tajikistan were recruited at the company's premises, 33 of whom have settled and integrated into the production process.

b. description of the relations between manager and employees as well as any conflicting elements characterizing these relations

During 2023 there were no conflicts between the company management and employees.

1.1.6. Assessment of aspects related to the impact of the issuer's basic activity on the environment

PREFAB SA aims to intensify its concerns about ensuring and maintaining an environment at the level required by International and European Standards.
The following objectives have been set:

1. Implementation and certification of an environmental management system. The company holds the environmental management nr.08/20.06.2023, valid until 19.06.2026 according to SR EN ISO 14001:2015;
2. Identifying and keeping under control the environmental aspects associated with all activities carried out within the company, in order to ensure compliance with legal requirements and prevent pollution through:

- minimising the quantities of waste generated and managing it safely when its occurrence cannot be avoided;
- improving the quality of water discharged from society;
- reduction of noxious emissions into the atmosphere;
- reducing consumption of natural resources.

3. Ensure communication of the policy to all internal and external stakeholders;
4. To create the conditions for the implementation, maintenance and continuous improvement of the Environmental Management System by providing competent human resources and material resources necessary to maintain the environmental policy and to achieve the proposed objectives.

During 2023, compliance with the legal requirements and those contained in the regulatory acts was monitored, and this was also found to be the case following controls carried out by the authorised bodies.
There is no litigation and we are not aware of any litigation regarding violations of environmental protection legislation.

1.1.7. Evaluation of research and development activity

The research activity within PREFAB SA is carried out through the Technical Department and our own laboratories as well as collaborations with design institutes, with the effect of increasing the quality of our products and services, by improving the manufacturing recipes and optimization schemes in order to increase the work productivity.
Given the economic context of the last 2 years, the amount of money allocated to R&D in 2023 is insignificant, own research on recipes has been carried out but without accumulating additional costs.

1.1.8. Assessment of the company's risk management activities

The company is exposed to the following risks:
- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational risk
- Balancing cost risk
- Taxation risk
- *Data* protection and processing risk
- The risk of **war**

This section provides information on the Company's exposure to each of the above risks, the Company's objectives, risk assessment and risk management policies and processes, and capital management procedures.
General framework for risk management
The Board of Directors of the Company has overall responsibility for establishing and overseeing the risk management framework at the level of the Company.
The activity is governed by the following principles:
a) the principle of delegation of powers;
b) the principle of decision-making autonomy;
c) the principle of objectivity;
d) the principle of investor protection;
e) the principle of promoting stock market development;
f) the active role principle.
The Board of Directors is also responsible for reviewing and approving the Company's strategic, operational and financial plan, as well as the Company's corporate structure.
The Company's risk management policies are defined to ensure that the risks faced by the Company are identified and analysed, that appropriate limits and controls are established, and that risks and compliance with established limits are monitored. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in

the Company's activities. The Company, through its training and management standards and procedures, seeks to develop an orderly and constructive control environment in which all employees understand their roles and obligations.

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
- Trade and other payables

A summary of the financial instruments obtained by category is provided below:

ASSETS	31 December 2022	31 December 2023
Trade and similar receivables	28.524.401	28.750.579
Cash and cash equivalents	1.507.104	503.717
Total	**30,031,505**	**29,254,296**

ASSETS	31 December 2022	31 December 2023
Shares held in subsidiaries	149.850	149.850
Other investment securities	200	200
Total	**168,969**	**150,050**

DEBTS	31 December 2022	31 December 2023
Trade and similar debts	6.749.935	12.594.505
Current income tax liabilities	-176.854	90.572
Total	**6.573.081**	**12.685.077**

The company monitors its exposure to credit risk by analysing the age of the receivables that registers and acts continuously to recover overdue or past due receivables.

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 sufficient cash at all times 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 of 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 attempts were made to reduce the number of days set by contract for payment of receivables by the company's customers. Mortgage guarantee contracts have been concluded in favour of banks with which we have open lines of credit, loans 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 can be 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.

Currency risk

The company has transactions and loans 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 particular by converting foreign currency loans into national currency.

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 entity's special department.

Taxation risk

The company has implemented the tax changes on an ongoing basis, 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 be subject to tax audits as new tax regulations are issued.

Data **protection and processing risk**

The risk may arise from situations such as accidental loss or alteration of data and unauthorised access to personal data. Regardless of the basis of processing, the company complies with the obligations laid down in the General Data Protection Regulation (GDPR) - Regulation (EU) 2016/679 including the obligation to inform the data subject at the time of data collection.

The risk of 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.
If the situation of the armed conflict in Ukraine escalates, there is a risk of a partial or total stop of activity, galloping inflation, reduction of trade and investments, increase of taxes and bank interest rates, material destruction and loss of human lives, amplification of the energy and economic crisis.
At the date of this report, management cannot reliably estimate the effects on the company's financial prospects and cannot exclude negative consequences on 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. The risks are as set out above.

1.1.9. Perspectives on company activity

a. presentation and analysis of trends, elements, events or uncertainty factors that affect or could affect the liquidity of the company compared to the same period of the previous year.

With regard to the effects of Emergency Ordinance No 114/2018 on the activity of PREFAB SA, given that the company achieves at least 80% of its total turnover from the production of building materials, having in its object of activity some of the CAEN codes provided for in Article 66, paragraph 1 of GEO 114/2018, this normative act is applicable to it.

The effects of GEO 114/2018 apply from 1 January 2019 to 31 December 2028.

As a result of the entry into force of GEO 114/2018, the salary budget has increased significantly, the company being obliged to provide employees, from 1 January 2019, a minimum gross salary of at least 3,000 lei and from 1 January 2023 a minimum gross salary of at least 4,000 lei (4,582 lei from 1.11.2023).
This increase in wages correlates in the market with an increase in the price of finished products sold by PREFAB SA.

b. presentation and analysis of the effects of current and anticipated capital expenditure on the financial situation of the company compared to the same period last year

The value of tangible fixed assets increased by 1.35 %, from 201,881,713 lei (31.12.2022) to 204,609,934 lei (31.12.2023), increase due to investments made in new equipment but also for modernization of existing production equipment.
No assets have been disposed of that would affect the realisation of the company's main business purpose or affect the realisation of future economic benefits.

The investment program for the period 2023-2024 is estimated at a value of 25.018.267 lei consisting of new equipment and technical installations and modernizations.

c. presentation and analysis of events, transactions and economic changes that significantly affect core business revenues

The core business is still affected by the low level of the construction materials market for both civil and industrial construction and the lack of investment in national infrastructure.

2. Tangible assets of the company

2.1. Specify the location and characteristics of the main production capacities owned by the company

Assets and Production Capacities are located on the land owned by the company's Working Point in Calarasi and operate in the following structure:

1. PREMO tubes
    - PREMO - IPREROM manufacturing technology;
    - production capacity: 210 km equivalent∅ 600
2. SENTAB tubes:
    - production capacity: 122 km equivalent∅ 600;
3. Autoclaved aerated concrete:
    - The manufacturing technology is based on the HEBEL license;
    - production capacity: 500.000 mc;
4. Various prefabricated elements:
    - manufacturing technology - STAND type;

- designed capacity: 50 000 m3;

5. Mineral aggregates:
    - dredge extraction technology from the Danube - absorbent;
    - raw material processing in sorting - grading stations;
    - production capacity: 700 000 m3;
6. Energy: high-efficiency cogeneration plant equipped with a 5.4 MW generator, which produces electricity and steam.

2.2. Description and analysis of the degree of wear and tear of company property

- Buildings = 50.95
- Equipment = 69.08 %

2.3. Clarification of potential issues related to the ownership of the company's tangible assets

The company is the owner of its assets and there are no ownership disputes.

3. Market of securities issued by the commercial company.

3.1. Since 5 July 2010, the shares issued by PREFAB S.A. are traded on the regulated market administered by the B.V.B., within the Equity Securities Sector, Standard Category.

Dividends

As of 31.12.2021, Prefab SA recorded a net profit of RON 10,921,106 which was distributed on the basis of the AGM resolution of 27/28.04.2022, according to the legal regulations, as follows:

Distribution of current profit year 2021:

Net profit 2021: 10.921.106,00 lei
Legal reserve: 621.735,00 lei
Dividend : 6.988.812,34lei
Other Reserves : 3.310.558,66lei

From the amount of 6,988,812.34 lei, representing the dividends due to the shareholders, for the year 2021, the amount of 1,127,972.27 lei was transferred to the Central Depository on 05.07.2022, after withholding the tax due in the amount of 59,275.91 lei, for payment to the shareholders, according to the contract signed.
For the majority shareholder Romerica International, the amount of 5,801,564.16 lei was transferred on 10.10.2022.
As of 31.12.2022, Prefab SA recorded a net profit of 7,756,629 lei, which was distributed on the basis of the AGM resolution of 26/27.04.2023, according to the legal regulations, as follows:

Distribution of current profit year 2022:

Net profit 2022: 7.756.629,00 lei
Legal reserve: 449.833,00 lei
Dividends : 4.853.341,90 lei
Other Reserves : 2.453.454,10 lei

From the amount of 4,853,341.90 lei, representing the dividends due to the shareholders, for the year 2022, the amount of 1,457,347.37 lei was transferred to the Central Depository on 10.07.2023 and the amount of 700,000 lei on 04.09.2023, after withholding tax in the amount of 15,395.43 lei, for payment to the shareholders, according to the contract signed.
As of 31.12.2023, Prefab SA recorded a net profit of 906,388 lei which will be distributed according to the AGM resolution, in accordance with legal regulations.
From the realized profit, legal reserves in the amount of 62.769 lei were registered, according to the provisions of the Law no. 31/1990 republished, on commercial companies, following that the difference of 843.619 lei will be submitted to the approval of the AGM of 25/26.04.2024.

Proposal for current profit distribution on year 2023:

Net profit 2023: 906.388,00 lei
Legal reserve: 62.769,00 lei
Other Reserves : 843.619,00 lei

The legal framework for the establishment of own sources of financing and other profit distributions is constituted by the following normative acts:

- Law 227/2015 on the Tax Code with subsequent amendments
- Law no. 31/1990, republished, on companies

3.3. The company has not acquired its own shares.

3.4. PREFAB SA has shareholdings in the following companies, as follows:

Company name	**Balance at 31.12.2022**			**Balance at 31.12.2023**		
	Value	No. titles	%	Value	No. titles	%
PREFAB INVEST SA	149.850	3.996	99.9000	149.850	3.996	99.9000
TOTAL	**149.850**			**149.850**		

PREFAB SA holds shares worth 149,850 lei and a 99.9% stake in the share capital of PREFAB INVEST SA. This holding is materialized in a number of 3,996 shares with a nominal value of 37.5 lei per share and confers control over it, given the percentage held in the share capital of this company. It should be mentioned that the shares of this company are not traded on the capital market**.**

Wishing to establish an association to promote activities related to the precast concrete industry, PREFAB SA together with 8 other renowned companies in this field, have agreed to establish the "PREFBETON Precast Concrete Manufacturers Association". The aim of the Association is to promote precast concrete products, to represent, support and defend the technical, economic and legal interests related to the trade and industry of precast concrete products, to develop and encourage cooperation in the scientific, technical and standardization field and to stimulate contracts between specialists in the country. The initial patrimony of the Association was 1.800 ron, the contribution of Prefab SA being 200 lei.

In December 2023, the Board of Directors of Prefab SA issued Decision no. 43/20.12.2023, by which it was decided to withdraw from this association. This decision was taken after a careful evaluation of the policies, strategic directions and the way of working in meetings and meetings of Prefab members, which no longer correspond to the principles and policies of Prefab SA.

3.5. The company has not issued bonds or other debt securities.

4. Company management

4.1. The Company is managed in a unitary system by a Board of Directors composed of 3 temporary and revocable directors elected by the General Meeting of Shareholders, the majority of the members of the Board of Directors being non-executive directors elected for a period of 4 years.

From 23.06.2021, according to the decision of the A.G.O.A. no. 3 /27.04.2021 and until 23.06.2025, the Board of Directors of PREFAB S.A. has the following composition:

Item no.	Surname and name	Function	Profession
1.	Milut Petre Marian	Chairman of the Board	Engineer
2.	Ionescu Marian Valentin	member	Lawyer
3.	Milut Anca Teodora	member	Architect

a. 1) Surname: Milut
First name: Marian Petre
Age: 68 years
Qualification: engineer
Professional experience:
1980-1981 - engineer IAMSAT Bucharest
1981-1982 - System Engineer Hewlett Packard Romania

1982-1993 - Head of IRUC Territorial Workshop
1993-present - President Romerica International SRL Bucharest
1998-present- President of the Board of Directors PREFAB S.A.

2) Surname: Ionescu
First name: Marian Valentin
Age: 62 years
Qualification: lawyer
Professional experience:
1991-1993 - legal advisor - Grantmetal S.A.
1992-1993 - legal advisor - Romanian Commodities Exchange S.A
1994-1997- parliamentary expert - Romanian Senate
1997-1998 - Minister of Privatization-Ministry of Privatization
1998-1999 - legal advisor-Herzfeld &Rubin S.R.L.
2001-2003 -policy officer for Local Agenda 21-National Centre for Sustainable Development
2003-2004 - senior policy reform specialist - Development Alternatives Inc - Suc. Bucharest
2005-August 2016- General Manager and sole associate- Unic Management Consulting S.R.L.
10 aug.2010-08 aug.2016 - Member of the Board of Directors PREFAB SA
Dec.2015-Aug.2016 - Advisor to the Cabinet of the Minister of Labour, Family, Social Protection and elderly Persons
Aug.2016-Jan.2017 - Secretary of State, Ministry of Labour, Family, Social Protection and Persons Ministry of Labour and Social Justice
23.06.2017 - present - member of the Board of Directors PREFAB SA

3) Surname: Milut
First name: Anca Teodora
Age: 34 years old
Qualification: architect
Professional experience:
Aug. 2009- Jan. 2010 - stand supervisor, MOMA foods, Euston Station, London, England.
dec. 2010- Mar. 2011 - assistant architect, BCA London, 7th Lamb' s Conduit Passage, London,England
Jun. 2011- Oct. 2011 - assistant architect, Geneto, Nakagyo, Kyoto, Japan.
Apr. 2012- Oct. 2012 - assistant architect, Sinsa-Dong, Kangnam-gu, South Korea.
Jan. 2013 - present - consultant architect at Prefab Invest **Bucharest**
23.06.2017 - present - member of the Board of Directors PREFAB SA

b. We specify that there is no litigation or administrative proceedings involving Council members Board of Directors.

c. On 31.12.2023 the directors hold a number of shares in PREFAB SA, as follows:

Item no.	Surname and name	Number of shares	Percent
1.	Milut Petre Marian	0	0,00000%
2.	Ionescu Marian Valentin	0	0,00000%
3.	Milut Anca Teodora	0	0,00000%

d.Any agreement, understanding or family relationship between the person concerned and another person by virtue of which the person concerned has been appointed as a member of the Board of Directors.

The appointment of the administrators was made on the basis of the A.G.O.A. Decision no. 3 /27.04.2021

The family relationship between the Chairman of the Board of Directors Milut Petre Marian and Mrs. Milut Anca Teodora was not the reason for her appointment as a member of the Board of Directors. The reasons for which Mrs. Milut Anca Teodora was appointed as a member of the Board of Directors are her competence and her international professional experience.There is no other agreement or understanding between the parties.

4.2. a.As of 31.12.2023**,** the **executive management** consists of:

Item no.	Surname and name	Function	Profession
1.	Milut Petre Marian	General Director	Engineer
2.	Boitan Daniela	Economic Director, acting as Deputy Director-General	Economist
3.	Buta Adrian	Energy and Logistics Director	Engineer

b.The term for which the person is part of the executive management: Permanent term.

c. Any agreement, understanding or family relationship between the person concerned and another person by virtue of which the person concerned has been appointed as a member of the executive management ; Not applicable.

d.As of 31.12.2023 the members of the executive management hold shares in the share capital of PREFAB SA as follows:

Item no.	Surname and name	Number of shares	Percent
1.	Milut Petre Marian	0	0,00000%
2.	Boitan Daniela	9.240	0,01900%
3.	Buta Adrian	0	0,00000%

4.3. In the last 5 years, the persons listed in points 4.1 and 4.2 have not been involved in litigation or administrative proceedings.

5.a. ECONOMIC AND FINANCIAL SITUATION

Indicators	31 December 2022	31 December 2023
Tangible fixed assets	201.881.713	204.609.934
Intangible assets	26.971	3.357
Real estate investment	0	0
Investments in affiliated companies	149.850	149.850
Other investment securities	200	200
Biological actives	6.049	5.014
Right of use of leased assets	0	782.579
TOTAL FIXED ASSETS	**202.064.783**	**205.550.934**
Stocks	22.529.006	22.344.207
Trade and other receivables	28.524.401	28.750.579
Cash and cash equivalents	1.507.104	503.717
Other assets (prepaid expenses)	381.290	289.316
TOTAL CURRENT ASSETS	**52.941.801**	**51.887.819**
1.TOTAL ACTIVE	**255.006.584**	**257.438.753**
Share capital	24.266.709	24.266.709
Adjustments to share capital	0	0
Other equity items	(458.880)	(453.168)
Capital premium	14.305.342	14.305.342
Revaluation reserves	117.173.624	117.173.624
Book	45.185.398	47.701.621
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	906.388
Profit sharing	449.833	62.769
2.TOTAL EQUITY	**217.331.164**	**213.389.922**
Long-term loans	4.328.188	4.282.295
Other debts, including deferred income tax	458.880	790.953
TOTAL LONG-TERM DEBT	**4.787.068**	**5.073.248**
Trade and other payables	6.749.934	12.594.505
Short-term loans	22.806.559	23.169.040
Current income tax liability	-176.853	90.572
TOTAL SHORT-TERM DEBT	**29.379.640**	**35.854.117**
Investment grants, of which:	**3.508.712**	**3.121.466**
- current portion	504.795	544.462
- over one year	3.003.917	2.577.004
TOTAL LIABILITIES	**255.006.584**	**257.438.753**

5.b. PROFIT AND LOSS ACCOUNT

Indicators	31 December 2022	31 December 2023
Turnover	94.456.912	110.240.799
Other operating income	3.991.127	10.240.638
Operating income	**98.448.039**	**120.481.437**
Expenditure on goods	16.849	226.474
Material expenses	52.117.715	72.206.795
Other operating expenditure	10.100.255	9.731.080
Taxes/taxes/taxation	1.332.697	1.398.153
Staff expenditure	14.807.399	24.106.405
Depreciation expenses	9.444.496	9.545.776
Adjustments on circ. assets.	0	0
Total operating expenditure	**87.819.411**	**117.214.683**
Operating result	**10.628.628**	**3.266.754**
Financial income	140.594	147.809
Financial expenses	1.757.021	2.159.193
Financial result	(1.616.427)	(2.011.384)
Total Income	**98.588.633**	**120.629.246**
Total expenditure	**89.576.432**	**119.373.876**
Profit before tax	**9.012.201**	**1.255.370**
Corporate tax	1.255.572	348.982
Net profit	**7.756.629**	**906.388**

5.c.STATE OF CASH FLOWS
Indirect method

Indicators 20222023

Net cash from operating activities	**2.766.562**	**13.664.463**
Net cash from investing activities	**1.156.755**	**(9.232.214)**
Net cash flow from financing activities	**(2.932.421)**	**(3.928.532)**
Net increase/decrease in cash and cash equivalents	**990.896**	**(1.003.387)**
Cash and cash equivalents at the beginning of the financial year	**516.208**	**1.507.104**
Cash and cash equivalents at the end of the financial year	**1.507.104**	**503.717**

5. STATEMENT ON CORPORATE GOVERNANCE

In Romania, the Corporate Governance Code was adopted by the Bucharest Stock Exchange Council in December 2007.

The initial version provided for the compliance of issuers listed on the BVB with the provisions of the Corporate Governance Code, starting with the 2008 Annual Report, then the implementation deadline was changed - for the 2010 Annual Report - to meet their stage of preparation and more recently the new BVB Corporate Governance Code was implemented starting with 2016.

The Corporate Governance Code of the Bucharest Stock Exchange is predominantly intended for companies whose financial instruments are traded on the regulated market operated by the BVB.

The current version of the Corporate Governance Code of the Bucharest Stock Exchange is available on the BVB website (www. bvb.ro).

PREFAB S.A., is a company listed on the BVB, since July 5, 2010, based on the Decision of the Stock Exchange Council no. 54/29.06.2010, and in the STANDARD category - since January 5, 2015.
At present, the company's management system is unitary.
PREFAB S.A. voluntarily adopts the self-imposed provisions of the Corporate Governance Code of the Bucharest Stock Exchange.

Regulatory: the application of the legal framework of reference: the provisions of the Law no. 31/1990 on companies, with subsequent amendments and additions, of the Law no.297/2004 on the capital market, with subsequent amendments and additions, of the Law on issuers no.24/2017, with subsequent amendments and additions and of the A.S.F. Regulation no.5/2018 and of the BVB Corporate Governance Code, create the premises for compliance with the requirements of established corporate governance.

According to the CGC - BVB, issuers draw up a Corporate Governance Regulation, which defines and describes the main aspects of corporate governance.

PREFAB S.A. has drafted a Corporate Governance Regulation on 07.03.2011, which is published on the company's website: www.prefab.ro and has been updated in accordance with the BVB's new Corporate Governance Code during 2019 and 2021.

Corporate governance structures

The company's main administrative, management and supervisory structures are: the Board of Directors, the Directors, the Audit Committee, the internal auditor and the external auditor.

1. Board of Directors and Executive Management - powers and responsibilities

1.1.Structure of the Board of Directors

The structure of the Board of Directors ensures a balance between executive and non-executive members. Decision-making remains a collective responsibility of the Board of Directors, which will be held jointly and severally liable for all decisions taken in the exercise of its powers. The Directors shall continuouslyupdate their skills and improve their knowledge of the Company's business and best corporate governance practices in order to fulfil their role.

PREFAB SA is managed by a Board of Directors, which has the general competence to carry out all the acts necessary for the successful achievement of the company's business purpose, except for the matters that are the competence of the General Meeting of Shareholders according to the provisions of the Articles of Association updated on 27.04.2023.

The Board of Directors is composed of 3 members (cf. the Articles of Association) who guarantee the efficiency of the supervision, analysis and evaluation of the company's activity and the fair treatment of shareholders. The members of the Board of Directors are elected by the General Meeting of Shareholders for a term of 4 years with the possibility of being removed by the Ordinary General Meeting in the event of failure to achieve the main objectives. Members of the Board of Directors may be shareholders. The Board of Directors of PREFAB SA is headed by a Chairman appointed from among the members of the Board of Directors by the Board of Directors, who ensures the optimal functioning of the company's bodies. Members of the Board of Directors who are also shareholders take part in all General Meetings of Shareholders and exercise their mandate knowingly, in good faith for the interest of the company, with due-diligence and care, without disclosing confidential information and trade secrets of the company both during and after their term of office. The Articles of Association of PREFAB SA updated on 27.04.2023, approved by the Board of Directors, regulate the duties, responsibilities and powers of the Board of Directors as well as the obligations of the company's directors.

The Board of Directors is composed as follows:

1. Miluț Petre Marian - President.
Date of birth: 29.12.1955, Craiova, jud. Dolj
Faculty of Automation and Computers - engineer
Length of service on the Board:25 years (since 07.12.1998 - 7th term)
Date on which the term of office expires: 23.06.2025
Board member (other companies): Romerica International SRL, Prefab Invest SA Bucharest

2.Ionescu Marian Valentin - Member.
Date and place of birth: 03.09.1961, Bucharest
Faculty of Law - Bucharest - lawyer
Length of service on the Board: 7 years (from 24.06.2013 - 3rd term)
Date on which the term of office expires: 23.06.2025
Board member (other companies): not applicable

3. Miluț Anca Teodora - Member.
Date and place of birth:31.01.1989, Bucharest
University of Westminster, London, UK - architect
Length of service on the Board: 4 years and 6 months (23.06.2017 2nd mandate)
Date on which the term of office expires: 23.06.2025
Board member (other companies): not applicable

The Board of Directors has appointed a Secretary General to advise the Board on corporate governance issues. He/she, in collaboration with the Chairman of the Board, takes minutes of each meeting, the resolutions that have been passed or not, indicating the votes for/against/abstain in favour of each resolution.

Secretary of the BD - Bratu Elena Anca, appointed by Decision No 21/30.08.2022.

Date and place of birth: 18.03.1985, Calarasi
Faculty of Accounting and Financial Management, ASE - Bucharest - economist
Total seniority: 19 years
Seniority in PREFAB SA: 19 years
Board member (other companies): not applicable

The members of the Board of Directors and the Executive Management are not members of the Board of Directors of other companies listed on the BVB.

The Board of Directors is responsible for the management of PREFAB SA. It acts in the best interests of the company and protects the general interests of the shareholders by ensuring the sustainable development of the Company. The Board will function as a collective body, based on fair and complete information. The information obtained shall be used only for the purpose of exercising the mandate.

The Board of Directors is responsible for carrying out all acts necessary and useful for the achievement of the company's object of activity, with the exception of those reserved by law for the General Meeting of Shareholders. It shall ensure that the company has all the financial and personnel resources to achieve its objectives.

The Board of Directors delegates the management of the company to the Board of Directors. The company's annual financial statements are subject to a statutory financial audit requirement, delegation of management is mandatory.

The Board of Directors reports directly to the Chairman of the Board of Directors.

The Board of Directors has the following basic powers, which may not be delegated to Directors:

a) to establish the main directions of activity and development of the company;

(b) establishing accounting policies and the financial control system, and approving financial planning;

c) appointing and dismissing directors and determining their remuneration;

d) supervision of the work of the directors;

e) preparation of the annual report, organisation of the general meeting of shareholders and implementation of its resolutions;

f) filing a petition for the opening of insolvency proceedings;

and, by delegation of powers by the Extraordinary General Meeting, the exercise of powers relating to:

g) the establishment or closure of secondary offices: branches, agencies, representative offices or other such establishments without legal personality and those under delegation of competence.

Under the terms of the law, the Board of Directors determines the "depreciation regime" and the "normal operating lives" of fixed assets.

The Board of Directors performs any other duties and has all the powers arising from the law (organisation of accounting, labour protection, etc.), the articles of association or the resolution of the General Meeting of Shareholders.

The responsibilities of the BoD and executive management are clearly divided and delineated.

The Board of Directors has delegated the management of the company to the Board of Directors consisting of several directors, individuals, including a "General Manager" and a "Deputy General Manager".

The Board of Directors of PREFAB SA consists of 3 directors, of which Ionescu MarianValentin is an independent director.

PREFAB SA adheres to the criteria for independence of non-executive directors provided by corporate governance, namely:

a) a non-executive director or member of the Supervisory Board (SB) is not a director of the company or of a company controlled by it and has not held such a position in the last five years;

b) is not an employee of the company or a company controlled by it and has not had such an employment relationship in the last five years;

c) does not receive and has not received from the company or from a company controlled by it any additional remuneration or other benefits, other than those corresponding to his capacity as non-executive director or member of the Supervisory Board;

d) is not and does not represent in any way a significant shareholder of the company;

e) does not have and has not had in the last financial year any business relationship with the company or a company controlled by it, either directly or as a partner, shareholder, director, manager or employee of a company in such a relationship with the company.Business relationships include, but are not limited to, the position of: significant supplier of goods or services (including financial, legal, consultancy services, etc.) and/or significant customer of the company or of organisations receiving significant contributions from the company or its group, as the case may be;

f) is not and has not been within the last three years an associate or employee of the present or former financial auditor of the company or of a company controlled by it;

g) is not a director/manager in another company in which a director/manager of the company is a non-executive director or a member of the Supervisory Board and has no significant connections with directors/managers of the company due to the position held in other companies or entities;

h) has not been a non-executive member of the Board of Directors or the Board of Statutory Auditors of the company for more than three terms;

i) is not a member of the immediate family - spouse or relative up to and including the fourth degree - of one of the board members or directors of the company or of the persons referred to in a) to h) above.

The members of the Board of Directors are responsible for fulfilling all the obligations laid down by law and the Articles of Association. They are guided by a spirit of loyalty to the company and its shareholders.

Directors shall exercise their mandate loyally in the best interests of the company.

Members of the Board of Directors shall be jointly and severally liable with their immediate predecessors if, being aware of irregularities committed by them, they fail to communicate them to the internal auditors and the financial controller.

The members of the Board of Directors are jointly and severally liable to the company for:

a) the actual payments made by shareholders;

b) the actual existence of dividends paid;

c) the existence of the registers required by law and their correct keeping;

d) the exact implementation of the resolutions of general meetings;

e) the strict fulfilment of the duties required by law and the articles of association.

The Board of Directors shall implement induction programmes for new members of the Executive Management so that they can participate actively and to their fullest capacity in the decision-making process as soon as possible after taking office. Promotions to executive management positions are made only from among employees who have knowledge of the company and the sector in which they operate or persons who have demonstrated competence in other companies.

All members of the Board of Directors and executive management attended the AGM meetings.

The Board of Directors of PREFAB SA meets at regular monthly intervals and adopts decisions that enable it to perform its duties in an effective and efficient manner.

In 2023, the Board of Directors met 12 times, with 100% attendance.
The important decisions adopted in the Board of Directors were:

- Decisions approving the annual financial statements for the year 2022.
- Decisions approving the half-yearly financial statements for the first half of the year 2023.
- Decisions approving monthly and quarterly production schedules.
- Decisions on the establishment of committees to pursue the efficiency and optimisation of production activities in crisis conditions.
- Organisational decisions to strengthen discipline.
- Decisions on the follow-up of the investments made in the company as well as committees to analyse the investments to be made in the next period.
- Decisions on appointments and remuneration.

PREFAB SA has secured the services of administrators and directors with a good professional training and an irreproachable ethical profile through an appropriate remuneration policy, compatible with the company's long-term strategy and interests.

The company has developed a remuneration policy for directors and officers. Remuneration of non-executive directors is commensurate with their responsibilities and the time devoted to their duties. The total amount of direct and indirect directors' remuneration for the year 2023, resulting from the capacity they hold and is shown in the table below:

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Surname and name	Function	Fixed net allowance 2023	Net variable allowance for fulfilling KPI 202 2
Milut Petre Marian	Chairman of the Board	400.000	0
Milut Anca Teodora	Member (since 23.06.2017)	100.000	0
Ionescu Marian Valentin	Member (since 23.06.2017)	100.000	0

Variable allowances in year 2023 for year 2022 were not awarded because KPIs were not met. Also, for 2023, because the ICP have not been met, no additional bonuses will be granted in addition to the fixed compensation / meeting approved at the AGM.

The remuneration due for the current financial year to the members of the Board of Directors, as well as the general limits of the additional remuneration of the members of the Board of Directors entrusted with specific functions within that body and of the remuneration of the directors, shall be determined at the Ordinary General Meetings.

The Board of Directors makes proposals to the AGM on the remuneration of directors, sets the salary scale for all staff, the remuneration of auditors, identifies and nominates candidates for various management positions.

The Board of Directors shall provide the necessary conditions for the auditors to supervise the management of the entity and to verify that the financial statements are properly drawn up and consistent with the books, that they are kept regularly, that the valuation of the assets and liabilities has been made in accordance with the rules laid down for the preparation of financial statements, and the manner in which they discharge their duties.

The Board of Directors continuously reviews the risks to which the company is exposed with regard to the identification, recording, monitoring and control of significant risks.

1.2. Executive management

The executive management of PREFAB SA for the year 2023, has been ensured by a number of three directors , one of which is the General Manager, one director with the duties of Deputy General Manager and the Director of Energy and Logistics. The Executive Management has been appointed by the Board of Directors and confirmed by the General Meeting of Shareholders. PREFAB SA was represented by the two appointed directors who signed the deeds of employment vis-à-vis third parties and in court. The Board of Directors retained the power to represent the Company in its relations with the directors it appointed.

The organisation of the work of the directors was established by decision of the Board of Directors, in accordance with the approved organisation chart.

The duties of the Managing Director have been laid down in the Company's Rules of Organisation and Functioning (ROF).

The directors are responsible for taking all measures related to the management of the company, within the limits of the company's object of activity and in compliance with the exclusive powers reserved by law or by the articles of association to the Board of Directors and the General Meeting of Shareholders.

Directors shall exercise their mandate loyally in the interests of the company.

The Directors shall keep the Board of Directors regularly and comprehensively informed of the operations undertaken and those envisaged.

The Directors shall notify the Board of Directors of all irregularities discovered in the performance of their duties.

Directors are jointly and severally liable with their immediate predecessors if, being aware of irregularities committed by them, they fail to communicate them to the internal auditors and the financial controller**.**

Directors are not allowed to disclose confidential information and company trade secrets to which they have access as directors. This obligation continues to apply to them after they have ceased to be directors for a period of 3 years.

In the year 2023 the executive management of the company was ensured as follows:

1) Milut Petre Marian - Director General - from 20.07.2023
Date of birth: 29.12.1955, Craiova, jud. Dolj
Faculty of Automation and Computers - engineer
Seniority at PREFAB SA:25 years
Board member (other companies): Romerica International SRL, Prefab Invest SA Bucharest

2) Miron Sorin - Director General - until 19.07.2023
Date and place of birth : 24.07.1973, Braila
Business Management - Bucharest Academy of Economic Studies - economist
Total seniority: 26 years
Seniority at PREFAB SA: 9 months
Board member (other companies): not applicable

3) Boitan Daniela - Economic Director, with the attributions of Deputy Director General
Date and place of birth : 09.10.1968, Calarasi
Bucharest Academy of Economic Sciences, Faculty of Finance - Banking - Accounting,
- economist
Total age: 30 years
Seniority at PREFAB SA: 30 years

Board member (other companies): not applicable

4) Buta Adrian -Energy and Logistics Director

Date and place of birth : 15.04.1958, Calarasi
Faculty of Automation and Computers - electrical profile
Total seniority: 41 years
Seniority at PREFAB SA: 11 years
Board member (other companies): not applicable

The remuneration due to the executive management for the year 2023 is shown in the table below.

Name first name	Function	Fixed net allowance 2023	Net variable allowance for ICP 2022 lei
1.Milut Petre Marian	Director-General -from 20.07.2023	107.662	0
2.Miron Sorin	Director General - until 19.07.2023	277.126	0
3.Boitan Daniela	Director Economic DG Adj.	211.197	0
4.Buta Adrian	Energy and Logistics Director	112.651	0

The variable compensation in 2023 for 2022 on the achievement of ICP in 2022 was not granted, because ICP were not met Also, for 2023, ICP were not met and no additional bonus will be granted in addition to the fixed compensation / meeting approved in the AGM.

According to the employment or mandate contracts, the remuneration for both directors and executive management is fixed, with a variable component if the indicators included in the Management Plan are met.

2. Transparency, internal control, financial reporting, and risk management
Transparency

PREFAB SA makes regular and continuous reports on important events concerning the company, including but not limited to financial situation, performance, ownership and management, both in the media and on its website. The company prepares and disseminates relevant periodic and ongoing information both in accordance with national accounting standards and in accordance with international financial reporting standards and other environmental, social and governance reporting standards. The company organizes meetings with financial analysts, brokers, market specialists and investors on the occasion of the dissemination of annual and half-yearly financial statements, which are relevant materials for investment decisions.

PREFAB SA has taken measures to use electronic communication means efficiently in order to:

- posting of all notices to market participants on the company's website, after they have been sent to the market operator (BVB);
- posting on the website announcements of meetings/meetings/events and related information materials;
- providing information updates to investors via e-mail office@prefab.ro

The company has created a specialized department dedicated to shareholder/investor relations, its staff being permanently trained/educated/professionally trained on legal issues concerning the relationship with its shareholders, corporate governance principles, management, customer relations, etc..

Financial reporting, internal control and risk management.

The financial statements and the operations of PREFAB SA subject to the authorization, supervision and control of the Financial Supervisory Authority, according to the law, are audited by AUDIT EXPERT SRL, with registered office in Ploiesti, Mircea cel Bătrân Street no. 14A, Prahova County, registered with the Trade Register under no. J29/68/22.01.1998, CUI 10117602, "financial auditors" active persons, registered in the ASPPAS Electronic Public Register under no. FA50.

The choice of the "financial auditor" is decided by the Ordinary General Meeting of Shareholders.

In the exercise of his specific duties, the financial auditor shall have the following obligations:

a) prepares a "financial audit report" in accordance with the auditing standards issued by the Romanian Chamber of Financial Auditors;

b) prepare, within 30 days, on the basis of the information submitted by the directors, "supplementary reports" - in accordance with financial auditing standards and the reporting framework defined by the ASF/C.N.V.M. regulations regarding transactions reported by shareholders representing at least 5% of the total voting rights - if the securities issued by the company are traded on a regulated market;

(c) provide additional services, subject to compliance with the principle of independence.

In order to objectively examine all the activities carried out, in order to provide an independent assessment of the risk management, control and management processes, the company has organized the "internal audit" and will ensure the exercise of the professional activity of internal audit, according to the rules developed by the Chamber of Financial Auditors of Romania for this purpose.

The internal audit is carried out by external contract with a financial auditor, member of the CAFR and has as main objectives:

a) verifying the compliance of the company's activities with its policies, programmes and management, in accordance with legal provisions;

(b) assessing the adequacy and application of financial and non-financial controls ordered and carried out by the management of the unit in order to increase the efficiency of the economic entity's activity;

c) assessing the adequacy of financial and non-financial data/information for management to understand the reality of the company;

d) safeguarding balance sheet and off-balance sheet assets and identifying methods of preventing fraud and losses of any kind in the company.

The reports drawn up are submitted to the Administrative Board.

Within PREFAB S.A during 2023 the Audit Committee together with the internal auditor through internal control activities were an integral part of the management process through which the company aimed to achieve the proposed objectives. The control was aimed at the application of internal control rules and procedures at all hierarchical and functional levels: approval, authorization, verification, evaluation of operational performance, securing of assets, separation of functions. The Audit Committee met on a monthly basis prior to Board meetings.

As in previous years, also in 2023 - the company's management has aimed at designing, implementing and maintaining an internal control relevant for the proper conduct of the business as a whole, as well as for the proper preparation and presentation of the company's assets and performance in the financial statements, so that they do not contain material misstatements.

An important concern was the selection and application of appropriate accounting policies to achieve effective internal control. The members of the Board of Directors and the management of the company have demonstrated experience and independence.

The internal control covered the following components:

- a clear definition of responsibilities, adequate resources and procedures, information modalities and systems, appropriate tools and practices;
- the internal dissemination of reliable information, the knowledge of which enabled everyone to exercise their responsibilities;
- a system for analysing the main identifiable risks to the company's objectives and ensuring that procedures are in place to manage these risks;
- appropriate control activities, for each process, designed to reduce the risks likely to affect the achievement of the company's objectives;
- a permanent supervision of the internal control mechanism and a review of its functioning.

The purpose of internal control was achieved by ensuring consistency of objectives, identifying key success factors and communicating real-time performance and outlook information to company management.

During 2023 the reports prepared by the Audit Committee and the Internal Auditor were presented to the Board of Directors for information and review.

3. Shares and Rights of Shareholders

The shares issued by PREFAB SA are "registered shares" with a "nominal value" of 0.5 lei each, issued in "dematerialized form" and freely negotiable.

Shares of the same class and/or category issued by PREFAB SA grant holders equal rights and enjoy fair treatment by providing relevant information enabling them to exercise their rights.All investors can obtain information about the rights attached to each class of securities before buying them. Minority shareholders are protected from abusive actions, and all measures are taken to redress this situation should it arise.

Each paid ordinary share gives the **right to one vote in the general meeting**, the **right to elect and to be elected to the governing bodies of the company, the right to participate in the distribution of profits, the right of pre-emption, as provided for in the articles of association and legal provisions.**

The exercise of voting rights is suspended for shareholders who are not up to date with payments that have fallen due.

Shares are indivisible with respect to the company, which recognises only one owner for each security. When a registered share issued by the company becomes the property of more than one person, the company will not register the transfer until those persons have appointed a single representative to exercise the rights resulting from the share.

Holders of securities issued by PREFAB SA must exercise the rights conferred by them in good faith, respecting the rights and legitimate interests of the other holders and the overriding interest of the company, otherwise they shall be liable for damages caused.

Ownership of registered shares issued in dematerialised form and traded on an organised market shall be transferred in accordance with the regulations applicable to the regulated market on which those securities are traded.

All holders of shares issued by PREFAB SA will be treated fairly. All shares issued confer equal rights on the holders; any change in the rights conferred by them will be subject to the approval of the holders directly affected.

PREFAB SA facilitates and encourages the participation of shareholders in the work of General Meetings of Shareholders (AGM) and the full exercise of their rights.

For complex issues related to the conduct of the AGM, the company provides adequate details via its own website and through publication in the Official Gazette, the "Bursa" newspaper.

Each shareholder has the right to ask questions on items on the agenda of the general meeting. The company may also respond by posting the answer on the company's website, www.prefab.ro-Secțiunea Shareholders. Shareholders' questions may be submitted in writing, either by post or courier or by electronic means, to e-mail:office@prefab.ro.

For shareholders unable to attend, PREFAB SA provides the possibility of 1) absentee voting by special proxy, 2) postal voting, and 3) remote voting, so that the voting process does not become unnecessarily difficult and expensive.

PREFAB SA encourages, at the AGM, dialogue between shareholders and members of the Board of Directors and/or management, with pertinent questions asked being answered appropriately, unless they are likely to prejudice the company, its shareholders or its employees.

In order to provide shareholders with relevant information in a timely manner, PREFAB SA has created a special section on the www.prefab.ro website, which is easily accessible and constantly updated. The page is structured in such a way as to contain all the information needed by security holders: information on the AGM, financial calendar, periodic and current reports, ratings, dividends, corporate governance, etc.

PREFAB SA also has specialized internal structures for investor relations and relations with its shareholders. The person designated to maintain contact with investors and shareholders - Mrs. Bratu Elena Anca, regularly attends specialization courses, including the use of an appropriate international language.

The shares are indivisible, dematerialized and are traded according to the Decision of the Stock Exchange Council no. 54/29.06.2010 on the regulated market administered by the BVB, in the STANDARD category since 5 January 2015.

Transactions in shares or other financial instruments (the company's securities) carried out for own account by directors or other individuals involved shall be reported to the company within 24 hours of trading. The company prepares a communication to the BVB, which is also published on the company's website.

Ownership of registered shares issued in dematerialised form and traded on an organised market shall be transferred in accordance with the regulations applicable to the regulated market on which those securities are traded.

The company may acquire its own shares only with the authorization of the Extraordinary General Meeting of Shareholders, subject to the conditions and restrictions laid down by law. Only fully paid-up shares may be acquired. The period for which the authorisation to acquire own shares is requested is 18 months from the date of publication of the decision in the Official Gazette of Romania, Part IV.

Payment for the shares to be acquired will be made from the company's available reserves as shown in the company's financial statements, approved by the Ordinary General Meeting of Shareholders.

The acquisition of own shares shall be for the purpose of distribution to directors, officers and employees of the company, within the limits and under the conditions to be approved by the Extraordinary General Meeting of Shareholders.

Shareholders have the right, in case of liquidation of the company, to receive from the company that part of the company's assets which remains after all debts of the company have been settled.

The extent of this right shall be determined either in proportion to the contribution to the share capital or according to other rules laid down in the memorandum of association of the company.

Shareholders may request the following documents for information and control purposes:

a) published periodic and annual financial results
b) the revenue and expenditure budget
c) current reports made to the BVB/ASF
d) resolutions of ordinary and extraordinary general meetings

4.Conflict of interest and transactions with persons involved

4.1 Conflict of interest

Members of the Board of Directors make decisions in the best interests of the Company and do not take part in debates or decisions that create a conflict between their personal interests and those of the Company or of subsidiaries controlled by the Company.

4.2 Transactions with stakeholders

Each Director shall ensure the avoidance of any direct or indirect conflict of interest with the Company or a subsidiary controlled by the Company and shall inform the Board of conflicts of interest as they arise and abstain from discussion and voting on such matters in accordance with applicable legal provisions.

In order to ensure the procedural fairness of transactions with stakeholders ("self-dealing"), the Council used the following criteria:

- maintaining the Board's power to approve the most important transactions;
- requesting a prior opinion on the most important transactions from internal control structures;
- entrusting the negotiation of such transactions to one or more independent trustees or trustees who are not connected with the parties involved;
- consultation of independent experts.

5.Corporate information regime

The Board of Directors establishes the corporate policy for the dissemination of information, in compliance with the legislation in force and the company's Articles of Association. This policy guarantees equal access to information for shareholders, investors and does not allow abuse of confidential information or information about "self-dealing".

Directors and officers shall keep confidential documents and information received during their term of office.

6.Social Responsibility

As part of its sustainabledevelopment strategy, the social responsibility policy aims to continuously increase the company's responsibility towards employees, shareholders, partners, the community and the environment.

PREFAB SA continuously identifies people who may be interested in its activities, recognizes their legal rights and encourages their cooperation with the Company in order to create prosperity, jobs and to ensure the sustainability of a financiallysound enterprise. Social Responsibility is the management process, an integral part of the Company's business strategy, through which PREFAB SA wishes to contribute to the development of a sustainable and successful Romanian society.

The company is committed to solving the social problems of its employees and the community in which it operates and takes society's interests into account. PREFAB SA's vision is to promote nationalvalues such as innovation, team spirit, respect for diversity and commitment. The Company's choice has been its involvement in education, sports, arts and culture, humanitarian actions and society development.

The employees of the Company elected the Delegate of the Employees' Council, in the person of the President of the Company's Trade Union - Bajenaru Tony who represents them at the AGM and Board meetings. The conditions for the participation of the employees through a representative in the decision-making process are ensured.

The employees of the Company are included in professional training and retraining programs, participate in advanced training courses.

The company has had a voluntary pension scheme since April 2008 for employees with at least one year's service with the company and aged between 18 and 52. The contribution is paid by the employer, up to the limit of 200 euro/year, according to the Tax Code. The contracts concluded by the employees are for the NN Optim Voluntary Pension Fund administered by NN Asigurari de viata SA.

The company respects its commitments to employees, creditors, suppliers, customers, investors. (stakeholders).

Attached to this report are the Financial Statements as at 31.12.2023.

7. Signatures

Chairman of the Board of Directors,

Ing. Milut Petre Marian

Annex to the Corporate Governance Statement

Provisions of the Corporate Governance Code	Respects	Does not comply or partially complies	Reasons for non-compliance and measures envisaged for compliance
Section A-Responsibilities			
A.1. All companies must have a Board charter that includes the terms of reference/responsibilities of the Board and the key management functions of the company, and that applies, inter alia, the General Principles in Section A.	X		
Provisions for the management of conflicts of interest should be included in the Council Regulation. In any event, Council members must notify the Council of any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by not attending, unless not attending would prevent the formation of a quorum) and from voting on a resolution on the matter giving rise to the conflict of interest in question.	X		
A.3. The Management Board or Supervisory Board shall consist of at least five members.		X	The current Board consists of 3 members, as stated in the company's articles of association. The change in the number of members of the Board can only be made with the approval of the AGM and amendment of the articles of association.
A.4. The majority of the members of the Board of Directors must be non-executive. At least one member of the Management Board or Supervisory Board must be independent in the case of Standard Category companies (...)Criteria:	X		
A.5. Other relatively permanent professional commitments and duties of a Board member, including executive and non-executive positions on the boards of not-for-profit companies and institutions, must be disclosed to shareholders and potential investors prior to appointment and during his or her term of office	X		
A.6. Any member of the Board shall disclose to the Board information concerning any relationship with a shareholder who directly or indirectly holds shares representing more than 5%	X		

of all voting rights. This obligation relates to any relationship that may affect the member's position on matters decided by the Board.			
A.7. The Company shall appoint a Secretary to the Board responsible for supporting the work of the Board	X		
A.8. The corporate governance statement shall disclose whether a Board evaluation has taken place under the leadership of the Chairman or the nominating committee and, if so, shall summarise the key actions and changes resulting from it. The Company should have a Board evaluation policy/guideline covering the purpose, criteria and frequency of the evaluation process.	X		
A.9. The corporate governance statement must contain information on the number of Board and committee meetings held during the past year, the attendance of directors (in person and in absentia) and a report of the Board and committees on their activities.	X		Information on the number of Board meetings has been mentioned in the annual reports of the Board of Directors, which totalled 12 in 2023. This requirement is included in the A nual Report. The number of committee meetings in 2023 was 6 times .
A.10. The corporate governance statement must include information on the exact number of independent members of the Management Board or Supervisory Board.	X		
Section B - Risk management system and internal control			
B.1 The Board shall establish an audit committee of which at least one member shall be an independent non-executive director. A majority of the members, including the chairman, must have demonstrated that they have appropriate qualifications relevant to the committee's functions and responsibilities. At least one member of the audit committee must have proven and appropriate audit or accounting experience.	X		
B.2. The chairperson of the audit committee shall be an independent non-executive member.	X		
B.3. As part of its responsibilities, the audit committee shall carry out an annual assessment of the internal control system.	X		
B.4. The assessment should consider the effectiveness and comprehensiveness of the internal audit function, the adequacy			

of risk management and internal control reports presented to the Board's audit committee, the timeliness and effectiveness with which executive management addresses deficiencies or weaknesses identified through internal control, and the presentation of relevant reports to the Board.	X		
B.5. The audit committee shall evaluate conflicts of interest in relation to the company's and its subsidiaries' transactions with related parties.	X		
B.6. The Audit Committee shall evaluate the effectiveness of the internal control system and the risk management system.	X		
B.7. The Audit Committee shall monitor the application of legal standards and generally accepted internal auditing standards. The Audit Committee shall receive and evaluate reports from the internal audit team.	X		
B.8. Whenever the Code mentions reports or reviews initiated by the Audit Committee, these must be followed by regular (at least annual) or ad hoc reports to be submitted subsequently to the Council.	X		
B.9. No shareholder may be given preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	X		
B.10. The Board shall adopt a policy to ensure that any transaction of the Company with any of its closely related companies whose value equals or exceeds 5% of the Company's net assets (as per the latest financial report) is approved by the Board following a binding opinion of the Board's audit committee and properly disclosed to shareholders and potential investors, to the extent that such transactions fall within the category of events subject to reporting requirements.	X		Such transactions are approved by the Board following an opinion of the Board's audit committee and properly disclosed to shareholders and potential investors, to the extent that such transactions fall within the category of events subject to reporting requirements, but without the adoption of a procedure to do so.
B.11. Internal audits must be carried out by a structurally separate division (internal audit department) within the company or by engaging an independent third party.	X		
B.12. In order to ensure that the internal audit department fulfils its core			

functions, it shall report functionally to the Board through the audit committee. For administrative purposes and as part of management's obligations to monitor and mitigate risk, it should report directly to the Chief Executive Officer.	X		
Section C- Fair reward and motivation			
C.1. The company shall publish on its website the remuneration policy and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review.(...)	X		
Section D- Adding value through investor relations			
D.1. The company must organise an Investor Relations department - indicating to the general public the person(s) responsible or the organisational unit. In addition to the information required by law, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:	X		
D.1.1 Main corporate regulations: articles of association, procedures for general meetings of shareholders;	X		OBS. The procedures for general meetings are included in the articles of association. The convocations of the general meetings of the shareholders were made in accordance with the legal provisions and the articles of association, where there are provisions on the powers, convocation, organization and exercise of voting rights.
D.1.2. professional CVs of members of the company's governing bodies, other professional commitments of Board members, including executive and non-executive positions on boards of companies or non-profit institutions;	X		
D.1.3. Current reports and periodic reports (quarterly, half-yearly and annual) - at least those referred to in point D.8 - including current reports with detailed information on non-compliance with this Code;	X		
D.1.4 Information on general meetings of shareholders: agenda and information materials; procedure for the election of Board members; arguments supporting the proposals of candidates for election to the Board, together with their professional CVs; shareholders'	X		

questions on agenda items and the company's replies, including resolutions adopted;			
D.1.5 Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events leading to the vesting or limitation of a shareholder's rights, including deadlines and principles applied to such transactions. Such information will be disclosed within a timeframe that enables investors to make investment decisions;	X		
D.1.6 Name and contact details of a person who will be able to provide relevant information on request;	X		
D.1.7 Company presentations (e.g. investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports.	X		
D.2. The Company shall have a policy on the annual distribution of dividends or other benefits to shareholders, proposed by the Chief Executive Officer or the Board of Directors and adopted by the Board, in the form of a set of guidelines that the Company intends to follow with respect to the distribution of net income. The principles of the annual shareholder distribution policy will be published on the Company's website.	X		
D.3. The Company will adopt a policy in relation to forecasts, whether or not they are made public. Forecasts refer to quantified conclusions of studies aimed at determining the overall impact of a number of factors over a future period (so-called assumptions): by its nature, this projection has a high level of uncertainty, and actual results may differ significantly from the forecasts initially presented. The forecasting policy will determine the frequency, the period considered and the content of the forecasts. If published, forecasts may only be included in annual, half-yearly or quarterly reports. The forecast policy will be published on the company's website.		Partially respects	The forecasts were provided annually in the analyses underlying the revenue and expenditure budget and the investment programme. The forecasting policy will be published on the website.
D.4. The rules of general meetings of shareholders shall not limit the participation of shareholders in general meetings and the exercise of their rights.	X		

Amendments to the rules shall enter into force at the earliest with effect from the next shareholders' meeting.			
D.5. The external auditors shall be present at the general meeting of shareholders when their reports are presented at such meetings.	X		
D.6. The Board shall present to the annual general meeting of shareholders a brief assessment of the internal control and significant risk management systems, as well as opinions on matters to be decided by the general meeting.	X		
D.7. Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting upon prior invitation by the Board. Accredited journalists may also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	X		
D.8. Quarterly and half-yearly financial reports shall include information in both Romanian and English on the key factors influencing changes in the level of sales, operating profit, net profit and other relevant financial indicators, both quarter-on-quarter and year-on-year.	X		
D.9. A company shall hold at least two meetings/teleconferences with analysts and investors each year. The information presented on these occasions will be published in the investor relations section of the company's website on the date of the meetings/teleconferences.		Partially respects	The company holds such meetings, but the information presented will be published on the website.
D.10. If a company supports various forms of artistic and cultural expression, sports activities, educational or scientific activities and considers that their impact on the innovative character and competitiveness of society is part of its mission and development strategy, it will publish a policy on its activity in this field.		Partially respects	The social responsibility projects in which the company is involved have been mentioned in the annual reports of the Board of Directors. A policy on the company's work in this area will be published on the website.

Signatures

Chairman of the Board of Directors,

Ing. Milut Petre Marian

**Statement of the Board of Directors
to PREFAB SA**

The Board of Directors of PREFAB SA hereby declares that it assumes responsibility for the preparation of the Annual Financial Statements as at 31 December 2023.

The Board of Directors of PREFAB SA confirms the following with regard to the Annual Financial Statements as at 31 December 2023:

a) The Annual FinancialStatements 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 AnnualFinancial Statements comply with applicable accounting regulations.

b) The Annual FinancialStatements give a true and fair view of the financial position, financial performance and other information relating to the business.

a) The company operates on a going concern basis.

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

Chairman of the Board of Directors,

Ing. Milut Petre Marian

SUMMARY

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2022	31 December 2023
Tangible fixed assets	5	201.881.713	204.609.934
Intangible assets	4	26.971	3.357
Real estate investment	6	0	0
Investments in affiliated companies	7	149.850	149.850
Other investment securities		200	200
Biological actives		6.049	5.014
Rights to use leased assets		0	782.579
TOTAL FIXED ASSETS		**202.064.783**	**205.550.934**
Stocks	9	22.529.006	22.344.207
Trade and other receivables	8	28.524.401	28.750.579
Cash and cash equivalents	10	1.507.104	503.717
Other assets (prepaid expenses)		381.290	289.316
TOTAL CURRENT ASSETS		**52.941.801**	**51.887.819**
1.TOTAL ASSETS		**255.006.584**	**257.438.753**
Share capital	11	24.266.709	24.266.709
Adjustments to share capital		0	0
Other equity items		(458.880)	(453.168)
Capital premium	12	14.305.342	14.305.342
Revaluation reserves	12	117.173.624	117.173.624
Book	12	45.185.398	47.701.621
Retained earnings except those arising from the first-time adoption of IAS 29	13	9.552.175	9.552.175
Profit at the end of the reporting period	14	7.756.629	906.388
Profit sharing	14	449.833	62.769
2.TOTAL EQUITY		**217.331.164**	**213.389.922**
Long-term loans	18	4.328.188	4.282.295
Other debts, including deferred income tax	20	458.880	790.953
TOTAL LONG-TERM DEBT		**4.787.068**	**5.073.248**
Trade and other payables	19	6.749.934	12.594.505
Short-term loans	17	22.806.559	23.169.040
Current income tax liability	23	(176.853)	90.572
TOTAL SHORT-TERM DEBT		**29.379.640**	**35.854.117**
Investment grants, of which:	21	**3.508.712**	**3.121.466**
- current portion		504.795	544.462
- over one year		3.003.917	2.577.004
TOTAL LIABILITIES		**255.006.584**	**257.438.753**

The notes to the financial statements form an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 14.03.2024 and were signed by:

Chairman of the Board of Directors, Economic Director,

Ing. Milut Petre Marian **Ec. Boitan Daniela**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ending 31.12.2023

		Note	31 December 2022	31 December 2023
1.	Income from sales	22	94.456.912	110.240.799
2.	Cost of sales	23	80.288.376	100.218.908
3.	**Gross margin**		**14.168.536**	**10.021.891**
4.	Other operating income	22	3.991.127	10.240.638
5.	Distribution expenses	-	3.765.517	4.519.824
6.	Administrative expenditure	-	1.506.207	5.524.229
7.	Other operating expenditure	23	2.259.311	6.951.722
8.	**Operating result**		**10.628.628**	**3.266.754**
9.	Financial income	24	140.594	147.809
10	Financial expenses	25	1.757.021	2.159.193
11.	**Financial result**		**(1.616.427)**	**(2.011.384)**
12.	**PROFIT FROM ORDINARY ACTIVITIES**		9.012.201	1.255.370
13.	Income tax expense	26	1.255.572	348.982
14.	**Net profit for the period**	**26**	**7.756.629**	**906.388**
15.	**Items not to be reclassified to the profit and loss statement, total, of which**		**0**	**0**
16.	-increases/decreases in the revaluation reserve for tangible fixed assets		0	0
17.	-Tax on other comprehensive income		0	0
18.	**Total comprehensive income for the period**		**7.756.629**	**906.388**
19.	Basic earnings per share	27	0.1598	0.0186
20.	Diluted result	27	0.1598	0.0186

Note: although the company also presents consolidated financial statements, it has elected to present earnings per share and diluted earnings per share in the separate financial statements (IAS 33 Earnings per Share).

The notes to the financial statements form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 14.03.2024 and were signed by:

Chairman of the Board of Directors,	Economic Director,
Ing. Milut Petre Marian	**Ec. Boitan Daniela**

STATEMENT OF CHANGES IN EQUITY

	Share capital	Adjustments to share capital (acct 1028)	Other equity items (acct 1034)	Capital premium	Shares own	Book	Retained and current result	Total
01 January 2022	**24.266.709**	**0**	**(464.592)**	**14.305.342**	**0**	**158.598.630**	**19.851.547**	**216.557.636**
Current overall result							7.756.629	7.756.629
Legal reserve allocations						449.833	(449.833)	0
Allocations other reserves						3.310.559	(3.310.559)	0
Dividend distribution							(6.988.812)	(6.988.812)
Increases in the revaluation reserve for fixed assets			5.712			0		5.712
Transfer revaluation reserve to retained earnings								0
31 December 2022	**24.266.709**	**0**	**(458.880)**	**14.305.342**	**0**	**162.359.022**	**16.858.972**	**217.331.165**

The notes to the financial statements form an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 14.03.2024 and were signed by:

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

Economic Director,
Ec. Boitan Daniela

STATEMENT OF CHANGES IN EQUITY

	Share capital	Adjustments to share capital (acct 1028)	Other equity items (acct 1034)	Capital premium	Shares own	Book	Retained and current result	Total
01 January 2023	**24.266.709**	**0**	**(458.880)**	**14.305.342**	**0**	**162.359.022**	**16.858.972**	**217.331.164**
Current overall result							906.388	906.388
Legal reserve allocations						62.769	(62.769)	0
Allocations other reserves						2.453.454	(2.453.454)	0
Dividend distribution							(4.853.341)	(4.853.341)
Increases in the revaluation reserve for fixed assets			5.712			0		5.712
Transfer revaluation reserve to retained earnings								0
31 December 2023	**24.266.709**	**0**	**(453.168)**	**14.305.342**	**0**	**164.875.245**	**10.395.796**	**213.389.923**

The notes to the financial statements form an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 14.03.2024 and were signed by:

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

Economic Director,
Ec. Boitan Daniela

CASH FLOW STATEMENT
Indirect method

Item name	31.12.2022	31.12.2023
Cash flows from operating activities:		
Net profit before tax	9.012.201	1.255.370
Adjustments for:		
Depreciation and value adjustments related to tangible and intangible fixed assets	9.444.496	9.545.776
Value adjustments of shares held	0	0
Subsidies - variation	-504.795	-387.246
Interest and other financial charges	1.757.021	2.159.193
Interest and other financial income	-140.594	-147.809
Loss/(profit) on sale of tangible fixed assets	-3.020.000	-3.361
Income tax paid	-1.255.572	-348.982
Operating profit before changes in working capital	**15.292.757**	**12.072.941**
Decrease/increase in trade and other receivables	3.026.499	-226.178
Decrease/increase in stocks	1.547.046	184.799
Decrease/increase in trade and other debts	-17.099.740	1.632.902
Net cash from operating activities	**2.766.562**	**13.664.464**
Cash flows from investing activities:		
Payments for the acquisition of tangible and intangible fixed assets	-2.003.839	-9.383.384
Proceeds from the sale of tangible and intangible fixed assets	3.020.000	3.361
Interest received	140.594	147.809
Net cash from investing activities	**1.156.755**	**-9.232.214**
Cash flows from financing activities:		
Loans received	64.912.815	62.991.457
Loan repayments	-59.099.403	-62.674.869
Interest paid	-1.757.021	-2.159.193
Dividend payments	-6.988.812	-2.085.928
Net cash flow from financing activities	**-2.932.421**	**-3.928.533**
Net increase/decrease in cash and cash equivalents	**990.896**	**-1.003.387**
Cash and cash equivalents at the beginning of the financial year	**516.208**	**1.507.104**
Cash and cash equivalents at the end of the financial year	**1.507.104**	**503.717**

The notes to the financial statements form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 14.03.2024 and were signed by:

Chairman of the Board of Directors,	Economic Director,
Ing. Milut Petre Marian	**Ec. Boitan Daniela**

NOTES TO THE FINANCIAL STATEMENTS
for the year ending 31 December 2023

1. Company information

PREFAB SA is a joint-stock company operating in accordance with the provisions of Law no.31/1990 on companies, republished with subsequent amendments and additions, established under GD no.1200/12 November 1990.

The company is registered at the Trade Register Office under number RC J40/9212/04.07.2003 and has the unique registration code RO 1916198.

PREFAB SA is a manufacturer of prefabricated concrete elements and other building materials; founded in 1967 to meet the requirements of prefabricated elements for the construction of housing, industrial, agro-zootechnical and irrigation objectives; privatized in 1999 through the purchase of the majority of shares of F.P.S. by the mixed capital company, Romerica International.

The subscribed and paid-up share capital as of 31.12.2023 is **24,266,709.5 lei**, divided into **48,533,419 shares** at a nominal value of 0.5 lei/share.

During 2023, the share capital of PREFAB SA did not change.

PREFAB SA Bucharest shares are traded on the Bucharest Stock Exchange, in the Standard category, since July 5, 2010.

The last trading price of PREFAB SA Bucharest shares, valid on 13.02.2024 was 3.50 lei/share.

The specific independent registry activities for PREFAB SA were carried out by the *Central Depository.*

PREFAB SA holds shares worth 149,850 lei and a 99.9% stake in the share capital of PREFAB INVEST SA Bucharest. This holding is materialized in a number of 3,996 shares with a nominal value of 37.5 lei per share and confers control over it, given the percentage held in the share capital of this company. The shares have been recorded at cost.
It should be mentioned that the shares of this company are not traded on the stock market.

Wishing to establish an association to promote activities related to the precast concrete industry, PREFAB SA together with 8 other renowned companies in this field, have agreed to establish the "PREFBETON Precast Concrete Manufacturers Association". The purpose of the Association is to promote the interests of developers of construction, precast concrete products, to represent, support and defend the technical, economic and legal interests related to the trade and industry of precast concrete products, to develop and encourage cooperation in the scientific, technical and standardization field and to stimulate contracts between specialists in the country. The initial patrimony of the Association was 1.800 lei, the contribution of PREFAB SA being 200 lei.

In December 2023, the Board of Directors of Prefab SA issued Decision no. 43/20.12.2023, by which it was decided to withdraw from this association. This decision was taken after a careful evaluation of the policies, strategic directions and the way of working in meetings and meetings of Prefab members, which no longer correspond to the principles and policies of Prefab SA.
The company has not issued bonds or other debt securities.
On 31.12.2023 the company has the following working point:

1. Calarasi Operating Office, Bucuresti Street, no. 396, jud. Calarasi

The shareholding structure as of 31.12.2023 was as follows:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	33.870.172	69.7873
CELCO SA CONSTANTA	12.795.000	26.3633
OTHER SHAREHOLDERS - LEGAL ENTITIES	79.912	0.1647
OTHER SHAREHOLDERS - INDIVIDUALS	1.788.335	3.6847
TOTAL	**48.533.419**	**100.0000**

2. THE BASICS OF DRAFTING

2.1. Declaration of conformity

The Company's financial statements are prepared in accordance with the provisions of OMFP 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as subsequently amended and clarified, and with the provisions of OMFP 5394/15.12.2023, concerning the main aspects related to the preparation and submission of the annual financial statements of economic operators to the territorial units of the MFP, as well as for the regulation of certain accounting aspects, being available at the Company's Working Point located at no. 396 Bucuresti Street..
These provisions correspond to the requirements of the International Financial Reporting Standards adopted by the European Union.

The financial statements comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and the explanatory notes.

Basis of evaluation

The financial statements are presented in LEI ("Romanian Leu"), have been prepared on a historical cost basis, except for the revaluation of certain fixed assets and financial instruments which are measured at fair value and items of share capital, legal reserves and other reserves made up from net profit, which have been adjusted in accordance with International Accounting Standard ("IAS") 29 "Financial Reporting in Hyperinflationary Economies", up to 31 December 2003.
The financial statements as at 31.12.2023 have been prepared using going concern principles.

2.3. Functional and presentation currency

Items included in the Company's financial statements are valued using the currency of the economic environment in which the entity operates ("functional currency"), i.e. the leu. The financial statements are presented in lei, which is the Company's functional and presentation currency.

The accounting is kept in Romanian and in national currency.The accounting of operations carried out in foreign currency is kept both in national currency and in foreign currency. By currency is meant a currency other than the leu. The individual annual financial statements shall be drawn up in Romanian and in national currency."
Transactions denominated in foreign currency are recorded in lei at the official exchange rate on the settlement date. Monetary assets and liabilities denominated in foreign currency at the date of the statement of financial position are expressed in lei at the exchange rate on that day. Gains or losses on their settlement and on the translation of monetary assets and liabilities denominated in foreign currency using the exchange rate at the end of the financial year are recognised in profit or loss for the year. Non-monetary assets and liabilities that are valued at historical cost in foreign currency are recorded in lei at the exchange rate at the date of the transaction.

For the valuation at the end of each reporting period of items expressed in foreign currency, the exchange rate of the foreign exchange market, communicated by the National Bank of Romania on the last banking day of the month in question, is used.

The exchange rates of the main currencies were as follows:

CURRENCY	Rate 31 Dec 2022	Rate 31 Dec 2023
EUR	4.9474	4.9746
USD	4.6346	4.4958

2.4 Use of professional estimates and reasoning

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated judgements are based on historical data and other factors considered to be relevant in the circumstances, and the outcome of these factors forms the basis of judgements used in determining the carrying amount of assets and liabilities for which no other sources of valuation are available. Actual results may differ from estimated values.
Estimates and judgements are reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the current period and future periods, if the revision affects both the current and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. If any, the effect on future periods is recognised as income or expense in those future periods.

The company's management believes that any deviation from these estimates will not have a material impact on the financial statements in the foreseeable future.
Estimates and assumptions are used in particular for depreciation adjustments of fixed assets, securities held and valued at cost, estimation of the useful life of a depreciable asset, for impairment adjustment of receivables, for provisions; for recognition of deferred tax assets.
In accordance with IAS 36, both intangible assets and property, plant and equipment are analysed for indications of impairment at the balance sheet date.
Impairment losses are recognised to reduce the net carrying amount of the asset concerned to its recoverable amount. If the reasons for recognising the impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased to the level of the net carrying amount that would have been determined if no impairment loss had been recognised.
The assessment for impairment of receivables is made on an individual basis and is based on management's best estimate of the present value of the cash flows expected to be received.The Company reviews its trade and other receivables at each financial position date to assess whether an impairment charge should be recorded in the income statement. In particular, management's professional judgement is required in estimating value and coordinating future cash flows when determining impairment losses. These estimates are based on assumptions about several factors, and actual results may differ, leading to future changes in adjustments.

Deferred tax assets are recognised for tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.It is necessary to exercise professional judgement to determine the amount of deferred tax assets that can be recognised, based on the probability of the timing and level of future taxable profit and future tax planning strategies.

3. ACCOUNTING PRINCIPLES, POLICIES AND METHODS.

According to IFRS - International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors", *accounting policies* are the specific principles, bases, conventions, rules, and practices applied by an entity in the preparation and presentation of financial statements.
The Company has selected and applies its accounting policies consistently for similar transactions, other events and conditions, unless a standard or interpretation specifically requires or permits the classification of items for which it may be appropriate to apply different accounting policies. If a standard or an interpretation requires or permits such a classification, an appropriate accounting policy shall be selected and applied consistently to each category.
The company changes an accounting policy only if the change:
- is required by a standard or interpretation; or
- results in financial statements that provide reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

We present a summary of significant accounting policies that have been consistently applied for all periods presented in the financial statements:

3.1. Intangible and tangible fixed assets; investment property;

3.1.1 Intangible assets acquired by the company are initially measured at acquisition cost and stated at cost less accumulated amortization and accumulated impairment loss.
The Company has chosen the cost model as its accounting policy for measuring intangible assets after initial recognition.

The useful life for this group of assets is between 3 and 5 years. The company has opted to use the straight-line method of amortisation for intangible assets.
To determine whether an intangible asset measured at cost is impaired, the company applies IAS 36 'Impairment of Assets'. An impairment loss shall be recognised immediately in profit or loss

For the purpose of presentation in the income statement, gains or losses arising on the discontinuation or disposal of an intangible asset are determined as the difference between the proceeds from the disposal of the asset and its undepreciated amount, including the expenses incurred in derecognising it, and are to be presented as a net amount in the income statement in accordance with IAS 38 'Property, Plant and Equipment'.

3.1.2 Property, plant and equipment are initially recognised at cost of acquisition or construction and are stated net of accumulated depreciation and accumulated impairment losses.

The cost of the tangible fixed assets purchased is represented by the value of the services rendered for the acquisition of those assets as well as the value of other costs directly attributable to bringing the assets to the location and condition necessary for them to operate in the manner desired by management. The cost of self-constructed assets includes labour costs, materials, indirect production costs and other costs directly attributable to bringing the assets to their present location and condition.

The company has opted to use the **revaluation model** for the measurement after initial recognition of property, plant and equipment. Under the revaluation model, an item of property, plant and equipment whose fair value can be measured reliably should be carried at revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.
Revaluations should be made with sufficient regularity to ensure that the carrying amount is not materially different from what would have been determined using fair value at the end of the reporting period.
The fair value of land and buildings is generally determined on the basis of market evidence through an appraisal by qualified professional valuers.

The fair value of items of property, plant and equipment is generally their market value determined by valuation.
The frequency of revaluations depends on changes in the fair value of the revalued property, plant and equipment. If the fair value of an asset differs significantly from the carrying amount, a new revaluation is required.
When an item of property, plant and equipment is revalued, any accumulated depreciation at the revaluation date is treated by the company as follows: it is restated in proportion to the change in the gross carrying amount of the asset, so that the carrying amount of the asset, after revaluation, equals its revalued amount.
Therefore, the frequency of revaluations depends on changes in the fair value of property, plant and equipment. If the fair value of a revalued item of property, plant and equipment at the balance sheet date differs significantly from its carrying amount, a further revaluation is required. Where fair values are volatile, as may be the case for land and buildings, frequent revaluations may be necessary. Where fair values are stable over a long period of time, as may be the case with plant and machinery, valuations may be required less frequently. IAS 16 suggests that annual revaluations may be required if there are significant and volatile changes in values.
The company has opted to reassess buildings and land at least every five years.
If an item of property, plant and equipment is revalued then the entire class of property, plant and equipment to which that item belongs must be revalued.
The last revaluation was carried out on 31 December 2020 in accordance with the regulations in force, in order to determine their fair value, taking into account inflation, usefulness of the assets, their condition and market value. The results were recorded on the basis of the Technical Valuation Expert Report prepared by an authorised valuer. The increase in book value resulting from these revaluations was debited to the revaluation reserve.
The residual value of the asset and the useful life of the asset are reviewed at least at the end of the financial year.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to function in the manner intended by management.
Depreciation of an asset ceases on the earlier of the date the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date the asset is derecognised. Therefore, depreciation does not cease when the asset is not used or is retired, unless it is fully depreciated.
Land and buildings are separable assets and are accounted for separately even when acquired together.
Land owned is not depreciated.
If the cost of the land includes dismantling, removal and restoration costs, these costs are depreciated over the period in which benefits are obtained as a result of these costs.

The depreciation method used reflects the expected rate of consumption of the future economic benefits of the asset by the unit. At the end of each financial year the depreciation method is reviewed and if there is a significant change in the expected rate of consumption of future economic benefits it is changed to reflect the changed rate.
PREFAB SA has opted to use the straight-line depreciation method for all categories of fixed assets.

The residual value, useful life and depreciation method are reviewed at the date of the financial statements.
From a tax point of view, the useful lives of tangible assets at the date of these financial statements are within the limits set out in GD 2139/2004 and are estimated by management to be correct.
The depreciation calculated has the following useful lives used for the different categories of fixed assets:

Tangible fixed assets Duration (years)

Construction 8-60

Technological equipment 3-24
Measuring, controlling and regulating apparatus and installations 4-24
Means of transport 4-18
Furniture, office equipment, equipment to protect human and material assets 3-18

Depreciation policy applied by the company

In accordance with IAS 36 'Impairment of Assets', both intangible assets and property, plant and equipment are assessed for indications of impairment at the balance sheet date. For intangible assets with indefinite useful lives the impairment test is performed annually, even if there is no indication of impairment. If the net book value of an asset is greater than its recoverable amount, an impairment loss is recognised to reduce the net book value of the asset to the recoverable amount. If the reasons for recognising the impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased to the net book value that would have been determined if no impairment loss had been recognised. The difference is presented as other operating income.
The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future benefits are expected from its use or disposal. The revaluation surplus included in equity relating to an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised on disposal or scrapping.
The gain or loss resulting from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised.
If items of property, plant and equipment that have been held for rental to others are repeatedly sold, these assets will be transferred to inventories at book value on the date they cease to be rented and are held for sale. Proceeds from the sale of these assets are recognised as revenue in accordance with IFRS 15.

Assets classified as 'held for sale' are stated at the lower of net book value and fair value less costs to sell. Non-current assets (or groups of non-current assets) are classified as 'held for sale' if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such classification is based on the assumptions that the sale of the assets concerned is highly probable and that the assets are available for immediate sale in their present form.

3.1.3. Real estate investments

According to IAS 40 **'Investment Property',** an investment property is held to earn rental income or for capital appreciation or both. Therefore, an investment property generates cash flows that are largely independent of other assets held by the company. Thus, investment property is distinguished from real estate used by the owner. The production of goods or the provision of services (or the use of property for administrative purposes) generates cash flows that are not only attributable to real estate but also to other assets used in the process of producing or providing goods or services.

Valuation of investment property on initial recognition is at cost. The cost of an investment property consists of the purchase price plus any directly attributable expenses (professional fees for legal services, fees for transfer of ownership, etc.). Investment property is subsequently presented in the financial statements at fair value.
After initial recognition the entity chooses the fair value model and measures all of its investment property at fair value, unless fair value cannot be reliably determined.
A gain or loss arising (a) from a change in the fair value of investment property is recognised (a) in profit or loss in the period in which it arises.
The entity determines fair value without deducting transaction costs it may incur in the sale or other disposal.

The Company has chosen the fair value based model for the valuation after recognition and presentation of investment property in the financial statements. Fair value is determined annually by a certified

appraiser. The fair value of an investment property reflects market conditions at the end of the reporting period.
From an accounting point of view, depreciation is no longer recorded, but depreciation/appreciation is recorded according to the annual valuation at fair value through profit or loss, depending on the valuation result.

Leasing

The Company has applied IFRS 16 from 1 January 2019 without restatement of comparative amounts for the prior period presented. The Company has elected to apply the proposed exemption in the standard for leases for assets with values considered by management to be immaterial and with periods less than 1 year.

For contracts entered into from 01.01.2019 to the lease commencement date, the Company recognises lease liabilities, measured at the present value at the marginal borrowing rate of the lease payments, over the lease term. Payments include fixed payments less any incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid as residual value.

As of 31.12.2023, the company has a total of 8 leasing contracts in progress and two more contracts were concluded in January 2024.

Biological assets

Within the meaning of IAS 41 'Agriculture', an agricultural activity is the management by a company of the biological processing and harvesting of biological assets for sale or for transformation into agricultural products or additional biological assets. A biological asset is a living animal or a living plant. At initial recognition of a biological asset, market-determined prices or values may not be available and alternative estimates of fair value may be unreliable. In this case, in accordance with paragraph 30 of IAS 41 the asset in question shall be measured at cost less any accumulated depreciation and any accumulated impairment losses.

The company has established an agricultural sector, and the production obtained is used for internal consumption through the company canteen.

Two of the three existing vegetable greenhouses have been modernised through the SAPARD programme. The entire production was consumed internally.
The free spaces in the company's premises are generally cultivated with vegetables and grape vines, depending on resources and needs, the production will be destined for internal consumption.
The Company has recognised under biological assets vineyards valued at cost less depreciation, based on the above provisions, and once fair value can be reliably measured it is presented at this value less costs to sell.
The amortisation period is 24 years. All the difference from the revaluation of the asset reclassified in this category has been transferred to retained earnings from the transition to IFRS.

Financial assets and liabilities

PREFAB SA applies IFRS 9 "Financial Instruments" which uses for the classification of financial assets the entity's business model and the cash flow characteristics of the financial asset under the contract.

The classification of financial assets under IFRS 9 "Financial Instruments:" is as follows:

1) financial asset measured at amortised cost if both of the following conditions are met:
- financial assets are held within a business model whose objective is to own
Financial assets to collect contractual cash flows;

- contractual terms of the financial asset generate, at certain dates, cash flows that are exclusive of payments of principal and interest on the principal amount due

2) financial asset measured at fair value through other comprehensive income if both of the following conditions are met
- financial assets are held within a business model whose objective is to achieve both by collecting contractual cash flows and selling financial assets;
- contractual terms of the financial asset generate, at certain dates, cash flows that are exclusively payments of principal and interest on the principal amount due.

3) a financial asset measured at fair value through profit or loss unless it is measured at amortised cost in accordance with paragraph 1 or at fair value through other comprehensive income in accordance with paragraph 2

With the exception of trade receivables that are within the scope of IFRS 15, a financial asset or financial liability is initially measured at fair value, and in the case of a financial asset or financial liability that is not at fair value through profit or loss, add or subtract transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, subsequent measurement of financial assets is at: amortised cost; fair value through other comprehensive income; or fair value through profit or loss.

Financial assets comprise shares held in subsidiaries, associates and jointly controlled entities, loans granted to these entities, other investments held as fixed assets and other borrowings.

PREFAB S.A. presents investments in subsidiaries at cost. If applicable, it records depreciation through the profit and loss account at the end of the financial year.

Investments in affiliated entities

Subsidiaries are entities under the control of the company

IFRS 10 - Consolidated Financial Statements defines the principle of control and establishes control as the basis for consolidation. IFRS 10 sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate that entity.

An investor controls an investee if and only if the investor wholly owns the following:

a) authority over the investee;

b) exposure or variable income rights on the basis of its participation in investees;

c) the ability to use its authority over the investee to influence the value of the investor's returns

3.5. Interest on loans

Interest on loans that are directly attributable to the acquisition, construction or production of a long-lived asset is capitalised until the asset is ready for its intended use or sale. All other borrowing costs are recognised as an expense in the income statement in the period in which they arise.

3.6. Government subsidies

In accordance with IAS 20, government grants are recognised only when there is sufficient certainty that all the conditions attached to their award will be met and that the grants will be received. Grants that meet these criteria are presented as other liabilities and are recognised on a systematic basis in the income statement over the useful life of the assets to which they relate.

3.7. Stocks

According to IAS 2 'Inventories', these are assets that are:
- held for resale in the ordinary course of business
- in production for such a sale or
- in the form of materials and other consumables to be used in the production process or for the provision of services.

Inventories are stated at the lower of cost and net realisable value. Net realisable value is estimated on the basis of the selling price for the normal activity less estimated costs of completion and sale. Provisions are made for damaged or slow-moving stocks based on management estimates. The assessment for impairment of inventories is made on an individual basis and is based on management's best estimate of the present value of cash flows expected to be received. In estimating these cash flows, management makes certain estimates of the useful value of the inventory, taking into account the expiration date, the possibility of use in the Company's current business and other factors specific to each category of inventory.
The establishment and reversal of adjustments for impairment of costs are made to the profit and loss account.

The company uses the **weighted average cost method determined at the end of each month** to determine the cost of materials supplied.

3.8. Receivables and similar assets

Receivables and similar assets are stated at amortised cost less value adjustments. This amount can be considered as a reasonable estimate of fair value, given that in most cases the maturity is less than one year. Long-term receivables are discounted using the effective interest method.
For the purposes of presentation in the annual financial statements, receivables are valued at their probable collectible amount.
When it is estimated that a receivable will not be collected in full, an allowance for impairment is recorded in the accounts for the amount that cannot be recovered. The write-off of receivables occurs as a result of their collection or assignment to a third party. Current receivables may also be derecognised by mutual offsetting of receivables and payables between third parties, in compliance with the legal provisions.
The derecognition of the receivables for which the collection deadlines are prescribed is carried out after the company obtains documents proving that all legal steps have been taken for their settlement with the approval of the Board of Directors. Off-balance sheet receivables are recorded in the off-balance sheet memorandum and accounts receivable and are followed up for collection.

Cash and cash equivalents

In terms of the Cash Flow Statement, cash is considered to be cash in the cash register and current bank accounts. Cash equivalents are highly liquid deposits and investments with maturities of less than three months.

3.10. Debts

A liability is a present obligation of society arising from past events and the settlement of which is expected to result in an outflow of resources embodying economic benefits.
A liability is recognised in the accounts and presented in the financial statements when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation (probability) and when the amount at which this settlement will occur can be measured reliably (credibility).

A distinction must be made between short-term debt and long-term debt.

Current debts are those debts that must be paid within a period of up to one year.

A debt should be classified as short-term debt, also called current debt, when:

a) is expected to be settled in the normal course of the company's operating cycle; or
b) held primarily for trading purposes;
c) is due within 12 months of the balance sheet date;

d) the company does not have an unconditional right to defer payment of the debt for at least 12 months from the balance sheet date.

All other debts must be classified as ***long-term debts****, even if they are to be settled within 12 months of the balance sheet date, if:*

- *the initial term was for a period longer than 12 months;*
- *the company intends to refinance the long-term bond; and the intention is supported by a refinancing or rescheduling agreement, which is finalised before the financial statements are approved for issue.*

Liabilities are stated at amortised cost, except for derivatives which are stated at fair value.
Long-term liabilities are discounted using the effective interest method. The discount rate used for this purpose is the year-end rate for instruments representing debts with similar maturities. The carrying amount of other liabilities is their fair value, as they are generally due in the short term.

The company derecognises a debt when contractual obligations are discharged or are cancelled or expire.

If goods and services provided in connection with current activities have not been invoiced, but if delivery has been made and their value is available, the obligation is recorded as a liability (not as a provision).
The amounts representing dividends due are recorded in retained earnings and, after approval by the General Meeting of Shareholders, are reflected in account 457 "Dividends payable".

3.11. Corporate income tax including deferred tax

Income tax for the year comprises current tax and deferred tax.
Income tax is recognised in the statement of comprehensive income or in other comprehensive income if the tax relates to items recognised in equity.

3.11.1. Current income tax

The current tax payable is based on the taxable profit for the year. Taxable profit is different from the profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and also excludes items that will never become taxable or deductible. The company's current income tax liability is calculated using tax rates that have been prescribed by law or in a year-end bill. Currently the tax rate is 16%.

3.11.2. Deferred tax

Deferred tax is provided using the balance sheet method for temporary differences in assets and liabilities (differences between the carrying amounts shown in the company's balance sheet and their tax base). The tax loss carried forward is included in the calculation of the deferred income tax claim. The deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available in the future, after offsetting against tax losses of previous years and income tax to be recovered.
Claims and debts relating to deferred income tax are offset when this right exists and when they relate to income taxes levied by the same tax authority. If the probability of realisation of the deferred income tax claim is greater than 50%, then the claim is taken into account. Otherwise a value adjustment is recorded for the deferred tax claim.

3.12. Revenue recognition

Revenue is measured in accordance with IFRS 15 - Revenue from Contracts with Customers.

The Company recognises revenue from the performance of a contract according to a unique five-step business model that is applicable to all industries and identifies the time of revenue recognition with the time of transfer of control of the asset to the customer.

Step 1.-identify the contract
Step 2.-identify the obligations of the entity provided for in the contract
Step 3.-fulfillment of enforcement obligations
Step 4.-determining the transaction price
Step 5.-allocation of the transaction price for each obligation under the contract

Sale of goods

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. The Company delivers goods on contractual terms based on delivery conditions. The time at which the customer obtains control of the goods is considered to be substantially the same for most of the Company's contracts under IFRS 15.
In the case of contracts with customers where the sale of goods is generally estimated to be the only performance obligation, the adoption of IFRS 15 is not expected to have any impact on the Company's revenue and profit or loss.
The Company expects revenue recognition to occur at a point in time when control of the asset is transferred to the customer, namely upon delivery of the goods.

The adoption of IFRS 15 involved analysing contracts and determining the following:

Variable compensation

Some customer contracts involve volume rebates, financial discounts, commercial price reductions. Revenue from these sales is recognised on the basis of the contract price, net of returns and revenue rebates, trade discounts and volume discounts recognised on an accruals basis when a reasonable estimate of revenue adjustments can be made.

Revenue will be recognised to the extent that it is probable that a material reversal of the cumulative revenue recognised will not occur. Accordingly, for those contracts for which the Company is unable to make a reasonable estimate of the curtailment, revenue will be recognised earlier than when the reversal period passes or when a reasonable estimate can be made.
As the contract periods for most contracts coincide with the calendar years for which the annual financial statements are prepared and because the Company currently reports annual revenue from customer contracts net of adjustments, (volume discounts or financial discounts), the impact on retained earnings from the treatment of variable revenue as a result of the adoption of IFRS 15 does not exist.
The cases of quality claims (reversionary rights) are isolated and insignificant, so the Company cannot make a zonable estimate of such reversionary income at the reporting date.

Impact on retained earnings.

PREFAB SA is the principal in all contractual sales relationships, as it is the main provider in all revenue contracts, has the right to set the price and is exposed to inventory and credit risk.
In accordance with IFRS 15, the assessment is based on whether the Company controls the specific goods before transferring them to the end customer, rather than whether they have exposure to significant risks and rewards associated with the sale of the goods.

Recognition of income from separate performance bonds

Under certain delivery conditions the Company may provide services such as transport to a specified destination. IFRS 15 requires a company to account for each separate good or service as a separate obligation to provide it. Freight services fall within the definition of a distinct service and a full understanding of the commercial terms is required. A transport performance obligation generally meets the criteria of a performance obligation over a period of time and revenue will be recognised over the period of transfer to the customer. There cannot be a separate obligation for an entity to transport its own goods (i.e. before the transfer of control of the goods to the customer).

Provision of services

The company provides various services as its main activities (construction works and assembly).
Revenue is valued at the fair value of the consideration received or receivable. In accordance with IFRS 15, the total consideration from service contracts will be allocated to all services based on their individual selling prices. The stand-alone selling prices will be determined on the basis of the prices calculated for the services the company provides in the various transactions.

Enforcement obligations fulfilled in time
The company transfers control of a good or service over time and therefore fulfils a performance obligation and recognises revenue over time if one of the following criteria is met:
(a) the customer simultaneously receives and consumes the benefits of the entity's execution as the entity executes;
(b) the entity's execution creates or improves an asset (e.g., work in progress) that the customer controls as the asset is created or improved; or
(c) performance by the entity does not create an asset with an alternative use for the entity and the entity has an enforceable right to payment for performance performed to that date.

Performance obligations fulfilled at a specific point in time

If the Company fulfils the performance obligation at a specific point in time (such as the supply of goods with an installation or commissioning clause at a specific point in time) in order to determine the specific point in time at which the customer obtains control of a promised asset and the Company fulfils a performance obligation, both the transfer of control provisions and the indicators of transfer of control are considered, in particular the acceptance of the asset by the customer which can be certified by signing the commissioning report, or the explicit acceptance of payment.

In the case of Billing Prior to Delivery agreements in addition to the conditions mentioned above for a customer to gain control of a product in a Billing Prior to Delivery agreement all of the following criteria must be met:
- the reason for the agreement with pre-delivery invoicing must be substantial (there must be a written request from the customer
- the product must be ready for physical transfer to the customer on a current basis
- the entity delivering the product may not have the ability to use the product or assign it to another customer

If there is an acceptance clause in the contract with a customer, then the moment when a customer obtains control of a good or service is measured against this clause.

Assessing progress towards meeting a performance obligation in full

For each performance obligation fulfilled over time the company recognises revenue over time by assessing the progress towards the full fulfilment of that performance obligation. The purpose of measuring progress is to show the transfer of control over promised goods or services to a customer (i.e. the fulfilment of the performance obligation by the supplier).
Reasonable assessments of progress
The company recognises revenue for a performance obligation satisfied over time only if it can reasonably assess its progress towards meeting the performance obligation in full and has the reliable information necessary to apply an appropriate method of assessing progress.

The recognition and measurement requirements in IFRS 15 are also applicable to the recognition and measurement of any gains or losses arising on the disposal of non-financial assets (e.g. property, plant and equipment and intangible assets) when such disposal is not in the ordinary course of business.

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

Dividends and interest
Dividend income is recognised when the shareholder's right to receive payment is established. Dividend income is recorded at gross amount including dividend tax, which is recognised as an expense in the income tax expense.
Interest income is recognised on an accrual basis, by reference to the principal outstanding and the effective interest rate, that rate which exactly discounts the expected future cash flows of the amounts received.

3.13. Provisions - IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

Provisions are made for current liabilities to third parties when it is probable that the liabilities will be met and the amount required to settle the liabilities can be reliably estimated. Provisions for individual obligations are established at an amount equal to the best estimate of the amount required to settle the obligation.
According to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision should be recognised if:

a) The company has a present obligation (legal or constructive) arising from a past event;
b) It is likely that an outflow of resources incorporating economic benefits will be required to settle the bond;
c) An estimate of the value of the bond can be made.

If these conditions are not met, no provision should be recognised.

Provisions are grouped in the accounts by category and are established for:
a) litigation;
b) guarantees granted to customers;
c) decommissioning of tangible fixedassets and other similar actions related thereto;
d) restructuring;
e) employeebenefits;
f) other provisions.

When, on the basis of the analysis carried out by the management together with the legal department on the chances of loss of the process by the company, it is concluded that the estimated chances of loss are higher than 51%, a provision is established at the estimated credible value.

Provisions for customer warranties are established based on estimates made by management and the sales department of the level of warranty repair expenses. The level of warranty period repair expenses is determined as a percentage of the reporting year's turnover.

Restructuring provisions
The implicit obligation to restructure arises if a company:
- has a detailed official plan for the restructuring which highlights: the activity or part of the activity to which it relates, the main locations affected, the location, function and approximate number of employees who will receive compensation for the termination of their activity, the expenses involved, the date on which the restructuring plan will be implemented
- generated a justified expectation among those affected that restructuring would be achieved by starting the implementation of the restructuring plan or by communicating its main features to those who will be affected by the restructuring process.

The restructuring provision includes only direct restructuring-related expenses.

Provisions for employee benefits

Provisions are recorded during the financial year for unused vacation leave, other long-term employee benefits (if provided for in the employment contract) and those granted on termination of employment. When these are recognised as liabilities to employees, the amount of the provisions is reversed through the corresponding income accounts.

Other provisions

Where liabilities with uncertain timing or value are identified that meet the conditions for recognition of provisions under IAS 37, but do not fall into any of the categories identified above, other provisions are recorded.

At the end of each reporting period the provision is reviewed and adjusted to represent the best current estimate. Where it is determined on analysis that it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

The company does not recognise a provision for operating losses. Provision for operating losses indicates that certain operating assets may be impaired and in this case these assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

3.14. Employee benefits - IAS 19 Employee benefits

Short-term benefits

Short-term employee benefit obligations are not discounted and are recognised in the statement of comprehensive income as the related service is rendered.
Short-term employee benefits include salaries, bonuses and social security contributions. Short-term benefits are recognised as an expense when services are rendered. A provision is recognised for amounts expected to be paid as short-term cash bonuses or employee profit-sharing schemes if the company currently has a legal or constructive obligation to pay those amounts as a result of past services rendered by employees and if that obligation can be reliably estimated.

Benefits after termination of employment contract

Both the Company and its employees have a legal obligation to contribute, respectively withhold and pay to the social insurances constituted to the National Pension Fund administered by the National Pension House (contribution plan based on the "pay as you go" principle).
Therefore the Company has no further legal or constructive obligation to pay future contributions. Its obligation is only to pay contributions when they become due. If the Company ceases to employ persons who are contributors to the National Pension Plan, it will have no obligation to pay benefits earned by its own employees in previous years. The Company's contributions to the contribution plan are shown as expenses in the year to which they relate.

Defined contribution plans

The company makes payments on behalf of its employees to the Romanian state pension system, health insurance and unemployment fund, in the course of normal activity.
All employees of the company are members and are obliged to contribute to the pension system of the Romanian state. All related contributions are recognised in the profit and loss account of the period when made. The company is not engaged in any other post-employment benefit scheme. The company has no obligations to provide subsequent services to former or current employees.

Starting with January 1, 2019, considering the CAEN code in which it operates, namely 2361, Manufacture of concrete products for construction, the company is subject to the provisions of GEO no 114/2018, by which the construction sector is declared a sector of national importance, the minimum wage becomes 3.000 lei/month (4000 lei/month from 01.01.2023), the employees benefit from income tax exemption, health contribution exemption and CAS contribution decrease from 25% to 21.25%, provided they obtain at least 80% of the turnover from the activity on CAEN code.

Following Law 296/2023, the CASS facility for the construction sector will no longer apply from 1 November 2023, so that all individuals who earn income from salaries and similar salaries under an individual employment contract with PREFAB S.A. are obliged to pay CASS.

The company has a voluntary pension scheme since April 2008 for employees who have at least one year of service with the company and are between 18 and 52 years of age. The contribution is paid by the employer, up to the limit of 200 euro/year in accordance with the provisions of the Tax Code. The contracts concluded by the employees are for the NN Optim Voluntary Pension Fund administered by NN Asigurari de vida SA. The company has no other post-employment obligations related to these insurances.

The company does not currently grant benefits in the form of employee profit-sharing, but may do so with the approval of the General Meeting of Shareholders.

The Company may grant benefits in the form of the entity's own shares with the approval of the General Meeting of Shareholders.

3.15. Result of the exercise

In accounting, profit or loss is determined cumulatively from the beginning of the financial year.
The result for the financial year is determined as the difference between income and expenditure for the financial year.

The final result for the financial year is established at the year-end and represents the final balance of the profit and loss account.

The distribution of profits is made in accordance with the legal provisions in force. The amounts representing reserves constituted from the profit of the current financial year, on the basis of legal provisions, e.g. the legal reserve constituted on the basis of the provisions of Law 31/1990 are recorded at the end of the current financial year. The accounting profit remaining after this distribution is taken at the beginning of the financial year following the one for which the annual financial statements are drawn up in account 1171 "Retained earnings representing the retained profit or loss", from where it is distributed to the other uses decided by the general meeting of shareholders, in compliance with the legal provisions. The bookkeeping of the accounting profit's destinations is made after the general meeting of shareholders has approved the profit distribution, by recording the amounts representing dividends due to shareholders, reserves and other destinations, according to the law.

3.16. Earnings per share. Diluted result.

IAS 33 'Earnings per Share' requires that if an entity presents consolidated financial statements as well as separate financial statements, the presentation of earnings per share is based on consolidated information only. If it chooses to present earnings per share on the basis of its separate financial statements, it shall present such earnings per share information only in the statement of comprehensive income. In this case it does not have to present earnings per share in the consolidated financial statements.

An entity shall calculate diluted earnings per share amounts to profit or loss attributable to ordinary shareholders of the parent and, if recognised, to profit or loss arising from continuing operations attributable to those shareholders.

For the purpose of calculating diluted earnings per share, an entity shall adjust the profit or loss attributable to ordinary shareholders of the parent company and the weighted average number of shares outstanding for the effects of all diluted potential ordinary shares.

The objective of this indicator is to assess the contribution of each ordinary share to an entity's performance, taking into account the influence of all diluted potential ordinary shares outstanding at the time.Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are convertible, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of certain specified conditions. Antidilution is an increase in earnings per share or a reduction in loss per share resulting from the assumption that convertible instruments are convertible, that options and warrants are exercised, or that ordinary shares are issued upon the satisfaction of certain specified conditions.

An ordinary share is an equity instrument that is subordinate to all other classes of equity instruments.

A potential common share is a financial instrument or other contract that may entitle the holder to common shares.

The Company has elected to present earnings per share and diluted earnings per share in these separate financial statements.

The Company reports ***basic earnings per share ("EPS")*** for its common stock. The basic CPA is calculated by dividing the gain or loss attributable to holders of the Company's common shares by the weighted average number of common shares outstanding during the period.
Weighted average number of common shares outstanding during the period =number of shares outstanding at the beginning of the period adjusted by the number of shares repurchased or issued during the period multiplied by a time weighting factor .
The time weighting factor is the number of days the shares in question were in circulation as a proportion of the total number of days in the period.

3.17. Dividends

The share of the profit that is paid, according to the law, to each shareholder constitutes a dividend. Dividends distributed to holders of shares, proposed or declared after the balance sheet date, as well as other similar distributions made out of profits, are not recognised as a liability at the balance sheet date, but when the shareholder's right to receive them is established.
The accounting profit remaining after the distribution of the share of the legal reserve, up to 20% of the share capital, is taken into the retained earnings at the beginning of the financial year following the one for which the annual financial statements are prepared, from where it is to be distributed to the other legal purposes, according to the AGM resolution.
The bookkeeping of the accounting profit allocation shall be carried out in the following year after the General Meeting of Shareholders which approved the profit distribution, by recording the amounts representing dividends due to shareholders or associates, reserves and other allocations, according to the law. There is no right to return to the entries made with regard to the distribution of profits.
The provisions of IAS 10 are taken into account when accounting for dividends.

3.18. Capital and reserves

Capital and reserves (shareholders' equity) represent the shareholders' right to an entity's assets after deducting all liabilities. Own capital comprises: capital contributions, capital premiums, reserves, retained earnings, profit or loss for the financial year.
The share capital, composed of common shares, is recorded at the value established on the basis of the incorporation documents. In the first set of financial statements prepared under IFRS, the company

applied IAS 29 "Financial Reporting in Hyperinflationary Economies" for shareholder contributions obtained before 01.01.2004, i.e. they were adjusted by the corresponding inflation index.
Own shares repurchased, according to the law, are shown in the balance sheet as an adjustment to equity.
Gains or losses arising from the issue, redemption, sale, transfer free of charge or cancellation of the entity's own equity instruments (shares, equity securities) are recognised directly in equity in the line 'Gains / or losses on equity instruments'.

The company recognizes changes to the share capital under the conditions provided by the legislation in force and only after their approval by the Extraordinary General Meeting of Shareholders and their registration at the Trade Register Office.

Revaluation reserves. After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably should be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations should be made with sufficient regularity to ensure that the carrying amount does not differ significantly from what would have been determined using the fair value at the balance sheet date.

If the book value of an asset is increased as a result of a revaluation, this increase must be recorded directly in equity under the large item 'revaluation reserves'. However, the increase shall be recognised in profit or loss to the extent that it offsets a revaluation decrease of the same asset previously recognised in profit or loss.

If the carrying amount of an asset is reduced as a result of a revaluation, this reduction must be recognised in profit or loss. However, the decrease shall be debited directly from equity to the row item 'revaluation reserves' to the extent that there is a credit balance in the revaluation surplus for that asset.

The revaluation surplus included in equity relating to an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

As from 1 May 2009, reserves from the revaluation of fixed assets, including land, carried out after 1 January 2004, which are deducted in the calculation of taxable profit by means of tax depreciation or expenses relating to assets disposed of and/or scrapped, are taxed at the same time as the deduction of tax depreciation, i.e. when these fixed assets are written off, as the case may be, in accordance with the provisions of the Tax Code.

Reserves from the revaluation of fixed assets, including land, made up to 31 December 2003 plus the portion of the revaluation made after 1 January 2004 relating to the period up to 30 April 2009 will not be taxed at the time of transfer to retained earnings (item 1175) but at the time of the change of use.

Reserves from the revaluation of fixed assets are transferred to retained earnings when the revalued fixed assets are written off.

Realized reserves are taxable in the future in the event of a change in the use of reserves in any form, in the event of liquidation, merger of the Company including its use to cover accounting losses, with the exception of the transfer, after 1 May 2009, of reserves relating to valuations made after 1 January 2004.

Legal reserves

Under Romanian law, companies must allocate an amount equal to at least 5% of pre-tax profits to legal reserves until they reach 20% of share capital. Once this level has been reached, the company may make additional allocations only from net profit. The legal reserve is deductible up to a limit of 5% applied to the book profit before determining the corporate income tax.

The entity was established according to Law no.31/1990 on companies.

In the first set of financial statements prepared under IFRS, the company applied IAS 29-"Financial Reporting in Hyperinflationary Economies", adjusting the historical cost of share capital, legal reserves and other reserves for the effect of inflation up to 31 December 2003. These adjustments have been recorded in separate analytical accounts.

3.19. Segment reporting

An operating segment is a distinct component of the Company that engages in activities from which it may earn revenues and incur expenses, including revenues and expenses related to transactions with any of the other components of the Company, and that is subject to risks and rewards that are different from those of the other segments. The Company's primary segment reporting format is segmentation by business segment.

As Prefab SA shares are traded on the Bucharest Stock Exchange and the company applies IFRS, it presents in its annual financial statements and in its interim reports prepared in accordance with ***IAS 34 Interim Financial Reporting***, information about its business segments, products and services, geographical areas of activity and main customers.
In accordance with ***IFRS 8 'Business Segments***', a business segment is a component of an entity:

- which engages in business activities from which it may derive income and incur expenses (including income from transactions with other parts of the same entity);
- whose business results are reviewed on a regular basis by the entity's chief operating decision maker for the purpose of making decisions on segment resource allocation and assessing its performance, and
- for which separate financial information is available.

Taking into account the criteria for identifying business segments and the quantitative thresholds described in IFRS 8, Prefab SA has identified the BCA segment as the business segment for which it reports separately.

3.20. Affiliated parties

A person or a close family member of that person is considered affiliated with a Company if that person:

- has control or joint control of the Company;
- has a significant influence on the Company; or
- is a member of key management personnel.

Key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Company directly or indirectly, including any director (executive or otherwise) of the entity. Transactions with key personnel include only salary benefits granted to them as disclosed in the Notes.
An entity is affiliated with the Company if it meets any of the following conditions:

- The Entity and the Company are members of the same group (which means that each parent, subsidiary, and branch in the same group is related to the others).
- An entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other is an associated entity of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of the reporting entity or an entity affiliated with the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also affiliated with the reporting entity.
- The entity is controlled or jointly controlled by an affiliated person.
- A controlling related person has significant influence over the entity or a key management personnel of the entity (or the entity's parent company).

Information on related party relationships - subsidiaries is disclosed in note 28.

3.21. Changes in accounting policies

New IFRS accounting standards and amendments to existing standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) which are mandatory for reporting periods beginning on or after 1 January 2023. Their adoption has not had a material impact on the disclosures or amounts reported in these financial statements:

Standard	Title
IFRS 17 Insurance Contracts	New IFRS 17 "Insurance Contracts" incorporating the amendments to IFRS 17 of June 2020 and December 2021
Amendments to IAS 1	Presentation of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred tax on claims and debts arising from a single transaction
Amendments to IAS 12	International Tax Reform - Pillar 2 Model Rules*

New IFRS accounting standards and amendments to existing standards not yet effective
At the date of approval of these financial statements, the Company has not applied the following new IFRS accounting standards and amendments to existing standards that have been issued but are not yet effective:

Standard	Title	Effective date set by the IASB
Amendments to IFRS 16	Lease liabilities in a sale and leaseback transaction	1 January 2024
Amendments to IAS 1	Classification of debt into short-term debt and long-term debt and long-term debt with financial indicators	1 January 2024
Amendments to IAS 7 and IFRS 7	Financing agreements with suppliers	1 January 2024
Amendments to IAS 21	Lack of convertibility	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale of or contribution of assets between an investor and its associates or joint ventures and other changes	postponed indefinitely

The Company anticipates that the adoption of the above standards will not have a material impact on the Company's financial statements in future periods.

New IFRS accounting standards and amendments to existing standards that are effective in the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union which are mandatory effective for reporting periods beginning on or after 1 January 2023. Their adoption did not have a material impact on the disclosures and amounts reported in these financial statements.

Standard	**Title**
IFRS 17	New IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by the IASB in June 2020 and December 2021
Amendments to IAS 1	Presentation of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred tax on receivables and payables arising from a single transaction; International tax reform - Pillar II model rules*

New IFRS accounting standards and amendments to existing standards issued and adopted by the EU but not yet effective

At the date of approval of these financial statements, there are no new IFRS Accounting Standards or amendments to existing standards issued and adopted by the EU but not yet effective:

Standard	**Title**	**Date of entry into force**
Amendments to IFRS 16	Lease liabilities in a sale transaction and leaseback	1 January 2024
Amendments to IAS 1	Classification of debt into short-term debt and long-term debt and long-term liabilities with financial indicators	1 January 2024

New IFRS accounting standards and amendments to existing standards issued but not yet adopted by the EU

Currently, IFRS as adopted by the EU do not differ significantly from IFRS as adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, which have not been adopted by the EU as at 31.12.2023.

Standard	**Title**	**EU adoption status**
Amendments to IAS 7 and IFRS 7	Vendor financing arrangements (effective date set by the IASB: 1 January 2024)	Not yet adopted by the EU
Amendments to IAS 21	Lack of convertibility (effective date set by the IASB: 1 January 2025)	Not yet adopted by the EU
IFRS 14	Deferred accounts related to regulated activities (effective date set to: 1 January 2016)	The European Commission has decided not to start the approval process of this interim standard and to wait for the final standard.
Amendments to IFRS 10 and IAS 28	Sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (effective date indefinitely deferred by the IASB, but early	The approval process has been indefinitely postponed until the completion of the research

	application permitted)	project on the equivalence method.

The Company anticipates that the adoption of these new standards and amendments to existing standards will not have a material impact on the Company's financial statements in the future.
According to the Company's estimates, the use of hedge accounting for a portfolio of financial assets and liabilities under **IAS 39: "Financial Instruments: Recognition and Measurement"** would not materially affect the financial statements if applied at the balance sheet date.

ANNEX: SHORT DESCRIPTION OF NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

- **IFRS 17 "Insurance Contracts"** issued by the IASB on 18 May 2017. The new standard requires insurance obligations to be measured at a present value realizable amount and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are intended to achieve consistent, principles-based accounting for insurance contracts. IFRS 17 overrides IFRS 4 'Insurance Contracts' and related interpretations when applied. The amendments to IFRS 17 'Insurance Contracts' issued by the IASB on 25 June 2020 postpone the date of initial application of IFRS 17 by two years for annual periods beginning on or after 1 January 2023. In addition, the amendments issued on 25 June 2020 introduce simplifications and clarifications to certain requirements in the standard and provide additional relief on initial application of IFRS 17.

- **Amendments to IFRS 16 Leases - Lease Liabilities in a Sale and Leaseback Transaction**, issued by the IASB on 22 September 2022. The amendments to IFRS 16 require the seller-lessee to subsequently measure lease liabilities arising from a leaseback transaction so that it does not recognise any gains or losses on the retained right of use. The new requirements do not prevent the seller-lessee from recognising in profit or loss gains or losses on the partial or full termination of a lease.

- **Amendments to IFRS 17 'Insurance Contracts' - Initial Application of IFRS 17 and IFRS 9 - Comparative Information** issued by the IASB on 9 December 2021. This is a narrow scope amendment to the transition requirements of IFRS 17 for entities that apply IFRS 17 and IFRS 9 simultaneously for the first time.

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

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

- **Amendments to IAS 7 'Cash Flow Statements' and IFRS 7 'Financial Instruments: Disclosures' - Financing Arrangements with Suppliers** issued by the IASB on 25 May 2023. The amendments add disclosure requirements as well as 'indicators' to the existing disclosure requirements for qualitative and quantitative disclosures about vendor financing arrangements.

- **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates** issued by the IASB on 12 February 2021. The amendments focus on accounting estimates and provide guidance on the distinction between accounting policies and accounting estimates.

- **Amendments to IAS 12 "Income Taxes" - Deferred tax relating to receivables and payables arising from a single transaction** issued by the IASB on 6 May 2021. Under the amendments, the exemption from initial recognition does not apply to transactions in which temporary differences arise that are both deductible and taxable on initial recognition and result in the recognition of equal deferred tax assets and liabilities.

- **Amendments to IAS 12 "Income Taxes" - International Tax Reform - Pillar 2 Model Rules** issued by the IASB on 23 May 2023. The amendments introduce a temporary exception to the accounting for deferred taxes arising in jurisdictions implementing the global tax rules and the disclosure requirements for a company's exposure to income taxes arising from the reform, in particular before the legislation implementing the rules comes into force.

- **Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"-Lack of convertibility** issued by the IASB on 15 August 2023.The amendments contain guidance for entities to disclose when a currency is convertible and how to determine the exchange rate when it is not convertible.

- **IFRS 14 "Deferred Accounts Related to Regulated Activities"** issued by the IASB on 30 January 2014. This standard is intended to allow first-time adopters that currently recognise deferred accounts related to regulated activities under previous GAAP to continue to do so on transition to IFRS.

- **Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale of or contribution of assets between an investor and its associates or joint ventures**, issued by the IASB on 11 September 2014. The amendments resolve the contradiction between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, gains or losses are recognised when the assets sold or contributed represent an enterprise.

4. INTANGIBLE FIXED ASSETS

Intangible fixed assets comprise computer software, licences and various software and are accounted for in account 208 'Other intangible fixed assets'. They are depreciated on a straight-line basis. They are stated at historical cost less depreciation and any value adjustments. No value adjustments have been recorded for the periods shown.
The company does not own intangible assets generated internally or acquired through a government grant and also does not own intangible assets with indefinite useful lives.
The Company does not hold intangible assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5.
For intangible assets, useful lives have been estimated at 3 years.
The situation of intangible assets as at 31.12.2023 is as follows:

Cost

	Other intangible assets	Total
Balance as at 01 January 2023	**1.721.251**	**1.721.250**
Entries	640	640
Cedari	808.109	808.109
Balance at 31 December 2023	**913.782**	**913.781**

Accumulated depreciation

	Other intangible assets	Total
Balance as at 01 January 2023	**1.694.280**	**1.694.280**
Cost of the period	24.254	24.254
Cedari	808.109	808.109
Balance at 31 December 2023	**910.425**	**910.425**
Net book value 01 January 2023	**26.971**	**26.971**
Net book value 31 December 2023	**3.357**	**3.357**

5. CORPORAL IMMOBILIZATIONS

The last revaluation took place on 31.12.2020 when the entity revalued, with independent experts authorized in the field, the tangible assets existing in the patrimony at that date (ANEVAR authorized appraiser Neacsu Ileana) . Depreciation was restated in proportion to the change in the gross book value of the asset, so that the book value of the asset, after revaluation, was equal to its revalued value.

On 31.12.2023, the situation of tangible fixed assets is as follows **:**

Tangible fixed assets	Land	Buildings	Technical plants and vehicles	Other plant, machinery and furniture	Real estate corporal in course + deposit	Total
COST						
01.01.2022	**110.574.466**	**75.882.383**	**131.115.973**	**1.871.090**	**2.159.048**	**321.602.960**
Increases	0	75.483	4.877.131	3.783	4.253.791	9.210.188
Decreases	(55.583)	(235.097)	(72.230)	(677.432)	(2.133.034)	(3.173.376)
31.12.2022	**110.518.883**	**75.722.769**	**135.920.874**	**1.197.441**	**4.279.805**	**327.639.772**
Increases	0	3.576.401	5.470.855	8.233	8.507.016	17.562.505
Decreases	0	0	(6.068.347)	(199.564)	(5.150.871)	(11.418.782)
31.12.2023	**110.518.883**	**79.299.170**	**135.323.382**	**1.006.110**	**7.635.950**	**333.783.495**
AMORTIZATION						
01.01.2022	**924.679**	**36.358.483**	**78.121.294**	**1.606.248**	**0**	**117.010.704**
Cost of the period	70.262	1.954.762	7.387.477	18.374	0	**9.430.875**
Outputs	(16.675)	(169.642)	(41.168)	(456.036)	0	**(683.521)**
31.12.2022	**978.266**	**38.143.603**	**85.467.603**	**1.168.586**	**0**	**125.758.058**
Cost of the period	65.630	1.929.874	7.509.759	5.398	0	**9.510.661**
Outputs	0	0	(5.895.595)	(199.564)	0	**(6.095.159)**
31.12.2023	**1.043.896**	**40.073.478**	**87.081.767**	**974.420**	**0**	**129.173.560**
NET VALUES						
01.01.2022	**109.649.787**	**39.523.900**	**52.994.679**	**264.842**	**2.159.048**	**204.592.256**
31.12.2022	**109.540.617**	**37.579.166**	**50.453.271**	**28.855**	**4.279.805**	**201.881.713**
31.12. 2023	**109.474.987**	**39.225.692**	**48.241.615**	**31.690**	**7.635.950**	**204.609.934**

5.1. Tangible fixed assets brought into service

The value of tangible fixed assets increased by 1.35 %, from 201,881,713 lei (31.12.2022) to 204,609,934 lei (31.12.2023), increase due to investments made in new equipment but also for modernization of existing production equipment .

5.2 Tangible fixed assets

No assets have been disposed of that would affect the realisation of the company's main business purpose or affect the realisation of future economic benefits.

In the year 2023, 6,095,159 lei of fixed assets were written off.

5.3 Pledged fixed assets

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

For all credit facilities contracted with Intesa Sanpaolo Bank (formerly Veneto Banca) the company has constituted the following guarantees in favour of the bank:

- Mortgage on the building - lot 2 (Premo) located in Calarasi, Bucuresti street, no. 396, jud. Calarasi, consisting of land of 69.552,2 sqm and the existing buildings on it with cadastral number 62/2.
- Issuing a blank promissory note in favour of the bank.
- Movable hypothec on the receivables resulting from the commercial relations concluded between Prefab S.A. and its debtors.

For the credit facilities contracted with ING Bank N.V, the company has constituted the following guarantees in favour of the bank as follows:
Mortgage established on the building - lot 7 and annexes (cogeneration plant) located in Calarasi, Bucuresti street, no. 396, county of Calarasi, Romania. Calarasi, consisting of land of 10.651 sqm and the existing buildings on it C2, C4, C6, C7 with cadastral/top number 248449 (from cadastral number 62/7).
Mortgage on real estate :
1. Building - arable land in the area of 2.500 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under number 20193 and having cadastral number/top 20193, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/3, Călărași county.
Title of ownership: Sale and Purchase Contract no. 585/04.03.2009.

2. Building - arable land with an area of 2.500 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under number 20194 and having cadastral/top number 20194, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/3 (lot nr 2), jud Călărași.
Title of ownership: Sale and Purchase Contract no. 1335/01.07.201032

3. Building - arable land with an area of 5.000 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under no. 20141 and having cadastral/top number 20141, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/2, jud Călărași.
- Title deed: Contract of Sale - Purchase no. 587/04.03.2009.

4.Building - arable land with an area of 5.750 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under number 21757 and having cadastral number/top 522, property of Prefab SA, located in Modelu, in the land plot 81/2, parcel 2-lot 1, Calarasi county.
Title of ownership: Sale and Purchase Contract nr. 974/04.03.2009

5.Building - arable land with an area of 4.427 sq.m, registered in the Land Register of ANCPI Călărași UAT Modelu under no. 21760 (old 521, cf 366) and having cadastral/top number 21760, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 4 - lot 1, Călărași county.
Title of ownership: Sale and Purchase Contract nr. 975/16.03.2007 .
6. Building - arable land with an area of 5.000 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under number 20112 and having the cadastral/top number 20112, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/4, Calarasi county,
Title deed: Sale and PurchaseContract no. 3621/03.11.2008.

7. Building - arable land with an area of 5.000 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under number 20115 and having the cadastral/top number 20115, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/5, Calarasi county.
Title deed: Sale and Purchase Contract no. 3622/03.10.200 8.
8. Pledge on stocks and receivables .
9.Movable mortgage on equipment owned by PREFAB SA, belonging to the cogeneration plant.

5.4 Construction in progress and advances for investments

As of 31.12.2023, the Company records in the account of fixed assets in progress the amount of 3,064,069 (of which during January 2024 investments in the amount of 2,084,918 lei were closed) representing modernizations for production machinery and equipment.
As of 31.12.2023, the Company records under advances for investments, amounts of 4,571,881 lei, mainly representing payments for the replacement of the turbine of the cogeneration plant, according to the contract signed with the supplier KGE GMBH, a continuation of the investment projects carried out for the promotion of high efficiency cogeneration, and payments made to the supplier Miconstruct, for a new modular plant (investment of 200,000 euro).

6.INVESTMENTS IN AFFILIATED ENTITIES

As at 31.12.2023, investments held in affiliated entities in the amount of 149,850 lei are shown at cost. The company for which these investments are made is not listed on the stock market.

They are stated at cost less impairment losses and are tested annually for impairment. In making this determination, management uses a number of judgements and considers, in addition to other factors, the duration and extent to which the value at the reporting date of the investment is less than its cost; the financial health and near-term outlook of the related entity, including factors such as the performance of the industry and the industry in which it operates, technological change and operating and financing cash flows.

The situation of PREFAB SA's participation in the share capital of other (unlisted) companies during 2023, compared to 2022, is as follows:

Company name	**Balance at 31.12.2022**			**Balance at 31.12.2023**		
	Value	No. titles	%	Value	No. titles	%
PREFAB INVEST SA	149.850	3.996	99.9000	149.850	3.996	99.9000
TOTAL	**149.850**			**149.850**		

This company will be included in the consolidated financial statements prepared in accordance with IFRS 10 "*Consolidated and Separate Financial Statements*". *Consolidated financial statements* are the financial statements of a group presented as if it were a single economic entity.

Wishing to establish an association to promote activities related to the precast concrete industry, PREFAB SA together with 8 other renowned companies in this field, have agreed to establish the "PREFBETON Precast Concrete Manufacturers Association". The purpose of the Association is to promote the interests of developers of construction, precast concrete products, to represent, support and defend the technical, economic and legal interests related to the trade and industry of precast concrete products, to develop and encourage cooperation in the scientific, technical and standardization field and to stimulate contracts between specialists in the country. The initial patrimony of the Association was 1.800 lei, the contribution of PREFAB SA being 200 lei. In December 2023, the Board of Directors of Prefab SA issued Decision no. 43/20.12.2023, by which it was decided to withdraw from this association. This decision was taken after a careful evaluation of the policies, strategic directions and the way of working in meetings and meetings of Prefab SA members, which no longer correspond to the principles and policies of Prefab SA.

7. RECEIVABLES AND OTHER ASSETS

Receivables are recorded at nominal value and are shown in the analytical accounts for each natural or legal person. Foreign currency receivables have been valued on the basis of the exchange rate prevailing at the year-end, and exchange differences have been recognised as income or expense for the period.

a) ***Trade receivables*** are shown below.

	Creator	**Balance at 31 December 2022**	**Balance at 31 December 2023**
1	Trade receivables from affiliated entities (subsidiaries)	26.465.429	28.194.135
2	Trade receivables - third parties	1.844.976	213.379
3	**Total trade receivables**	**28.310.405**	**28.407.514**
4	Adjustments for impairment of trade receivables	(131.387)	(131.387)
5=3-4	**Trade receivables, net**	**28.179.018**	**28.276.127**

The main claims are:

Customers in the net amount of 28,276,127 lei consists of:

- Internal clients worth 28.466.993 lei, the most important of which are: Prefab Invest SA, Arabesque SRL, Arcocim SRL , Dedeman.
- Clients invoices to be drawn up in the amount of -258.825 lei , representing the discount difference, for the realization of the contract for the year 2023.
- Intra-community external customers worth 0 lei.
- We mention that up to 29.02.2024, 20% of the balance as at 31.12.2023 has been collected from customers**.**

Uncertain clients or clients in litigation amounted to a gross value of 199,142 lei as at 31.12.2023.
For uncertain customers with outstanding balances, the legal actions started in previous years continued.
For a part of them, for which the management has estimated that there is a risk of non-recovery, adjustments for impairment of receivables amounting to 131,387 lei have been made.

Liquidity term analysis Commercial creditor	**Balance at 31 December 2022**	**Balance at 31 December 2023**
Under one year	**28.179.018**	**28.276.127**
In one year	**0**	**0**

Other assets	**Balance at 31 December 2022**	**Balance at 31 December 2023**
***b) Other assets**, of which:*		
Debtors	70.725	179.774
Advance expenses	381.290	289.316
VAT to be recovered	0	0
Non-exempt VAT	78.306	48.415
Suppliers debtors	37.851	11.432
Other claims	158.501	234.831
Total	**726.673**	**763.768**

Liquidity term analysis Other assets	**Balance at 31 December 2022**	**Balance at 31 December 2023**
Under one year	**726.673**	**763.768**
In one year	**0**	**0**

c) Impairment adjustments for trade and other receivables

The evolution of the impairment adjustments is presented as follows:

	31 December 2022	**31 December 2023**
At the beginning of the period	**131.387**	**131.387**
Increases/ (releaves)	0	0
Decreases	0	0
At the end of the period	**131.387**	**131.387**

8. STOCKS

31 December 2022	**Cost**	**Adjustments**	**Net value**
1.Raw materials and consumables	6.959.120	0	6.959.120
2.Production in progress	336.710	0	336.710
3.Finished products and goods	14.806.865	29.929	14.776.936
4. Advances	456.240	0	456.240
Total	**22.558.935**	**29.929**	**22.529.006**

31 December 2023	**Cost**	**Adjustments**	**Net value**
1.Raw materials and consumables	6.896.759	0	6.896.759
2.Production in progress	732.134	0	732.134
3.Finished products and goods	14.560.129	29.929	14.530.200
4. Advances	185.114	0	185.114
Total	**22.374.136**	**29.929**	**22.344.207**

The main categories of inventories are raw materials and consumables, work in progress, finished goods and merchandise, advances for inventory purchases.
The cost of inventories includes all costs related to the acquisition and processing and other costs incurred to bring inventories into the form and location in which they are found.
The cost of finished goods and work in progress comprises direct production-related expenditure, i.e. direct materials, energy consumed for technological purposes, direct labour and other direct production expenditure, as well as the share of indirect production expenditure rationally allocated as related to their manufacture.
At the time of disposal, stocks are valued using the weighted average cost method.
This method involves calculating the cost of each item on the basis of the weighted average of the cost of similar items in stock at the beginning of the period and the cost of similar items purchased or produced by the company during the period. The average is calculated monthly at the end of each month.
At the date of the financial statements, inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price expected to be realised in the ordinary course of business less estimated costs to complete the asset, where applicable, and estimated costs necessary to sell.
Where appropriate, provision is made for obsolete, slow-moving or defective stocks.
As of 31.12.2023 the company shows adjustments for the depreciation of finished goods inventories in the amount of 29,929 lei.

9. CASH AND CASH EQUIVALENTS

On 31.12.2023 cash and cash equivalents amount to 1,507,104 lei and consist of:

	Balance at 31 December 2022	**Balance at 31 December 2023**
Cash in the cashier	2.089	7.844
Deposits and cash at bank	1.505.015	495.873
Accreditation	0	0
Total	**1.507.104**	**503.717**

Of the total cash and cash equivalents accounts, the restricted amounts as at 31.12.2022 and 31.12.2023 consist of:

	Balance at 31 December 2022	**Balance at 31 December 2023**
Guarantees for good execution	0	0
Management guarantees	3.551	2.242
Other guarantees	1.222.591	38.934
Total	**1.226.142**	**41.176**

10. EQUITY

The subscribed and paid-up **share capital** is 24,266,709.5 lei, consisting of 48,533,419 shares with a nominal value of 0.50 lei/share. The shareholder structure as of 31.12.2023 is:

Shareholder	**No. of shares**	**%**
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	33.870.172	69.7873
CELCO SA CONSTANTA	12.795.000	26.3633
OTHER SHAREHOLDERS - LEGAL ENTITIES	79.912	0.1647
OTHER SHAREHOLDERS - INDIVIDUALS	1.788.335	3.6847
TOTAL	**48.533.419**	**100.0000**

The members of the Board of Directors on 31.12.2023, do not hold shares of the company on the market (as independent shareholders):

Item no.	**Name and surname**	**Number of shares**	**Percent**
1.	Milut Petre Marian	0	0,00000%
2.	Milut Anca Teodora	0	0,00000%
3.	Ionescu Valentin	0	0,00000%

The shares are registered, issued in dematerialized form, each share having a nominal value of 0.50 lei/share. During the financial year 2023, the nominal value of a share did not change.
Please note that Prefab S.A. shares are traded on the Bucharest Stock Exchange, in the Standard category, since 05.07.2010. The prices of the company's shares had an oscillating trend, due to the small number of traded shares, the lack of liquidity and the reduction of the number of transactions on the BVB.

The last trading price of PREFAB SA Bucharest shares, valid on 13.02.2024 was 3.50 lei/share.

The specific independent registry activities for PREFAB SA were carried out by the *Central Depository.*

11. RESERVE

Reserves include the following components:

	Balance at 31 December 2022	Balance at 31 December 2023
Legal reserves	6.023.988	6.086.757
Other reserves	39.161.410	41.614.864
Revaluation reserves	117.173.624	117.173.624
Total	**162.359.022**	**164.875.245**

At the end of 2023, the Company records "**Legal reserves**" in account 1061 in the amount of 6,086,757 lei, of which 1,482,798 lei represent reserves established in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", the Company adjusting the historical cost of legal reserves with the effect of inflation, until 31 December 2003.

At the end of 2023 the Company records "**Other reserves**" in account 1068 in the amount of 41,614,864 lei, of which 2,676,474 lei represent reserves established in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", the Company adjusting the historical cost of other reserves for the effect of inflation, up to 31 December 2003.
The revaluation reserves amount to 117,173,624 lei as at 31.12.2023. The last revaluation was carried out on 31 December 2020 for the tangible fixed assets on record in accordance with the regulations in force based on the Technical Valuation Expert Report prepared by an ANEVAR member appraiser, in order to determine their fair value, taking into account inflation, usefulness of the assets, their condition and market value. The differences resulting from these revaluations were recorded in the revaluation reserve.
The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Legal reserves	According to Law 31/1990, each year at least 5% of the profit is taken to form the reserve fund, until it reaches at least one fifth of the share capital.
Other reserves	Other reserves include at 31 December 2023 reserves set up on the distribution of net profit.
Fixed assets revaluation reserves	If the carrying amount of an item of property, plant and equipment is increased as a result of revaluation, then the increase shall be recognised in other comprehensive income and accumulated in equity as revaluation surplus. Revaluation reserves cannot be distributed and cannot be used to increase share capital.

12. RETAINED EARNINGS

Retained earnings reflected in the summary account 117 represents the surplus from the revaluation of tangible assets.

	Balance at 31 December 2022	Balance at 31 December 2023

Retained earnings, except for retained earnings arising from the first-time adoption of IAS 29 (ct 117)	9.552.175	9.552.175
Total	**9.552.175**	**9.552.175**

13. PROFIT SHARING

The net profit for the year 2022, amounting to 7.756.629 lei was distributed on the basis of the AGM resolution of 26.04.2023, according to the legal regulations, as follows:

Net profit 2022: 7.756.629,00 lei
Legal reserve: 449.833,00 lei
Dividends : 4.853.341,90 lei
Other Reserves : 2.453.454,10 lei

From the amount of 4,853,341.90 lei, representing the dividends due to the shareholders, for the year 2022, the amount of 1,457,347.37 lei was transferred to the Central Depository on 10.07.2023 and the amount of 700,000 lei on 04.09.2023, after withholding tax in the amount of 15,395.43 lei, for payment to the shareholders, according to the contract signed.
As of 31.12.2023, Prefab SA recorded a net profit of 906,388 lei which will be distributed according to the AGM resolution, in accordance with legal regulations.
From the realized profit, legal reserves in the amount of 62.769 lei were registered, according to the provisions of the Law no. 31/1990 republished, on commercial companies, following that the difference of 843.619 lei will be submitted to the approval of the AGM of 25/26.04.2024.
Current profit distribution popunere year 2023:

Net profit 2023: 906.388,00 lei
Legal reserve: 62.769,00 lei
Other Reserves : 843.619,00 lei

The legal framework for the establishment of own sources of financing and other profit distributions is constituted by the following normative acts:

- Law 227/2015 on the Tax Code with subsequent amendments
- Law no. 31/1990, republished, on companies

14. PROVISIONS

PREFAB SA did not set up provisions for risks and charges at the end of the financial year 2023, considering that future uncertainties do not justify the creation of provisions or the deliberate valuation of future liabilities.

15. LOANS AND OTHER DEBTS

Debts are recorded at nominal value and are shown in the analytical accounts for each natural or legal person. Foreign currency payables have been valued on the basis of the exchange rate prevailing at the year-end and exchange differences have been recognised as income or expense for the period.
The debt situation is as follows:

Debts	Balance at 31 December 2022	Balance at 31 December 2023
Amounts due to credit institutions	27.134.747	27.451.335
Advances received on orders	440.122	1.287.068

Trade payables - suppliers, related parties	262.400	487.401
Trade payables - third party suppliers	4.040.948	6.585.546
Other debts including tax and social security debts	2.288.491	5.116.015
Total debts	**34.166.708**	**40.927.365**

Analysis of the due date

	Balance at 31 December 2022	**Balance at 31 December 2023**
Under one year	29.379.640	35.854.117
In one year	4.787.068	5.073.248
Total	**34.166.708**	**40.927.365**

The amounts due to credit institutions have the following component:

Amounts due to credit institutions	**Balance at 31 December 2022**	**Balance at 31 December 2023**
Short-term loans	22.806.559	23.169.040
Long-term loans	4.328.188	4.282.295
Total	**27.134.747**	**27.451.335**

16. SHORT-TERM LOANS

The company has benefited during 2023 from short-term loans from commercial banks as follows:

Banking	**Type of loan**	**Date contract**	**Expired**	**Currency**	**Main**	**Balance at 31.12.2023**
ING Bank N.V.	Credit line	Credit line facility agreement no.9184/01	Indefinite term	lei	19.000.000	17,121,084 lei
Intesa Sanpaolo Bank	Credit line	Credit line agreement no. 8929/10.10.2013	17.10.2024	lei	7.850.000	6,047,956 lei
Total						**23,169,040 lei**

17. LONG-TERM LOANS

The company has benefited during 2023 from long-term loans from commercial banks as follows:

Description	Type of loan	Date of contract	Expired	Currency	Main	Balance at 31.12.2023
ING Bank N.V.	Investment credit	Credit facility agreement 9181/02	20.01.2026	lei	5.000.000	4,282,295 lei
ING Bank N.V.	Credit financing and refinancing current activity	Credit facility agreement 9181/08.11.2019	29.11.2023	lei	5.000.000	0 lei
Total						**4,282,295 lei**

During 2023, the company benefited from a line of credit for the support of current activities opened with Intesa Sanpaolo Bank (formerly Veneto Banca), in the amount of 7,850,000 lei (the initial amount of 9,000,000 lei was reduced to 7,850,000 lei by an addendum to the credit line agreement no. 8929/10.10.2013 with maturity on 17.10.2023, with the possibility of extension. The balance of the loan as at 31.12.2023 is 6,047,956 lei.

For the credit facility contracted with Intesa Sanpaolo Bank (formerly Veneto Banca), the Company has constituted the following guarantees in favour of the bank:

- Mortgage established on the building - lot 2 (Premo) located in Calarasi, Bucuresti street, no. 396, jud. Calarasi, consisting of land of 69.552,2 sq.m and the existing buildings on it with cadastral number 62/2.
- Issuing a blank promissory note in favour of the bank.
- Movable hypothec on the receivables resulting from the commercial relations concluded between Prefab S.A. and its debtors.

During 2023, the Company has benefited from the following loans, opened with ING Bank N.V.:

- A loan for the support of current activities in the amount of 5.000.000 ron under the credit facility agreement no. 9181 dated 08.11.2019. The repayment term of the credit facility was 29.11.2023, repayment being made in 46 instalments. The first installment was in the amount of 103,433.42 ron, the next 45 installments in the amount of 108,812.59 ron. The balance of the loan as at 31.12.2023 is 0 lei, the loan being repaid in full in the first part of 2023.
- On 17 January 2022, a credit line of 19,000,000 RON was opened with ING Bank, the balance of which on 31.12.2023 was 17,121,084 lei.
- A 5-year investment loan, the balance of which as of 31.12.2023 is 4,282,0295 lei.

The financial conditions and costs offered by ING Bank were advantageous compared to those offered by similar companies.
For the credit facilities contracted with ING Bank N.V, the company has constituted the following guarantees in favour of the bank as follows:

- Mortgage established on the building - lot 7 and annexes (cogeneration plant) located in Calarasi, Bucuresti street, no. 396, jud. Calarasi, consisting of land of 10.651 sqm and the existing buildings on it C2, C4, C6, C7 with cadastral/top number 248449 (from cadastral number 62/7).
- Movable hypothec on the bank accounts opened in the name of PREFAB SA at ING BANK N.V. units, as well as on the present and future amounts held in these accounts.
- Movable mortgage on equipment owned by PREFAB SA, belonging to the cogeneration plant.
- Mortgage on real estate :
- 1. Building - arable land in the area of 2.500 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under number 20193 and having cadastral number/top 20193, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/3, Călărași county.

- 2. Building - arable land with an area of 2.500 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under number 20194 and having cadastral/top number 20194, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/3 (lot nr 2), jud Călărași.
- 3. Building - arable land with an area of 5.000 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under no. 20141 and having cadastral/top number 20141, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcela 3/2, jud Călărași.
- 4. Building - arable land with an area of 5.750 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under no. 21757 and having cadastral number/top 522, property of Prefab SA, located in Modelu, in the land register 81/2, plot 2-lot 1, Calarasi county.
- 5. Building - arable land with an area of 4.427 sq.m, registered in the Land Register of ANCPI Călărași UAT Modelu under no. 21760 (old 521, cf 366) and having cadastral number/top 21760, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 4 - lot 1, jud Călărași.
- 6. Building - arable land with an area of 5.000 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under number 20112 and having the cadastral/top number 20112, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/4, Calarasi county,
- 7. Building - arable land with an area of 5.000 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under number 20115 and having the cadastral/top number 20115, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/5, Calarasi county.
- Pledge on stocks and receivables

18. OTHER DEBTS

Their composition is mainly the following:

Other debts	Balance at 31 December 2022	Balance at 31 December 2023
Debts in relation to staff and related liabilities	984.892	501.539
Debts to the social security budget	322.010	285.913
Debts to the state budget	229.111	491.995
Debts to shareholders	293.598	3.045.615
Total debts	**1.829.611**	**4.325.062**

19. DEFFERED TAX

The change in deferred tax liabilities is shown in the table below:

Description	31 December 2022	31 December 2023
Initial sale	464.592	458.880
Tax deferred different from revaluation	(5.712)	(5.712)
Balance	**458.880**	**453.168**

20. INVESTMENT GRANTS

The change in investment grants is shown in the table below:

Description	31 December 2022	31 December 2023

Initial sale	4.013.507	3.508.712
Received during the year	0	119.000
Reversed during the year	0	0
Relayed to income	(504.795)	(506.246)
Balance	**3.508.712**	**3.121.466**

The amounts represent subsidies recorded for assets (co-financing) acquired in the framework of projects carried out by the Company, namely:

- Modernisation of the vegetable greenhouse through the SAPARD Programme (2005).
- The project 'Rational Energy Use Plan - Energy Efficiency Project at Prefab SA', worth 1.200.000 euro, which was carried out in partnership with EBRD, obtained a 15% grant for the investments made, namely 812.124 lei (equivalent to 180.000 eur).
- Project: 'Realization of a cogeneration plant in order to improve the energy efficiency of Prefab SA's activity', partially financed by European Funds within the Priority Axis 4 of the Sectoral Operational Programme: Increasing Economic Competitiveness, the Company signing in this respect the financing contract no. 18 EE/28.05.2012 with the Ministry of Economy, Trade and Business Environment. The non-reimbursable amount approved by the contract was 10.199.768,65 lei, of which 6.140.662,41 lei was received in 2013 and 1.503.822,08 lei in 2014.

20. OPERATING INCOME

Income	31 December 2022	31 December 2023	Difference (2023-2022)
Production sold	94.456.912	110.240.799	15.783.887
Income related to costs of stocks of products	(3.030.025)	1.681.242	4.711.267
Income from the production of real estate and investment property	3.314.669	6.951.722	3.637.053
Other operating income	3.706.483	1.607.674	(2.098.809)
Total	**98.448.039**	**120.481.437**	**22.033.398**

Revenues from production sold are structured by the following product categories:

Name of products	2022	2023
AAC	65.36%	72.54%
Tubes	2.50%	3.13%
Prefabricated	10.95%	12.33%
Electricity	16.8%	7.89%
Other products	4.39%	4.11%

For Autoclaved Cellular Concrete (AAC), the masonry material produced by PREFAB SA, in 2023 the production was 303,214 m^3 and the quantity sold was 297,916 m^3.

As regards the market of precast reinforced and prestressed concrete products, electrical poles, highway elements, prefabricated parts for hypermarkets or supermarkets, beams for road bridges, sewerage pipes PREMO-SENTAB is still affected by the lack of national infrastructure projects and the lack of skilled labour, maintaining the same low level of demand on the market mainly due to financial bottlenecks in the national investment field.

In 2023 the total volume of precast elements produced and sold was 4,639.72 m3 to which 1,478.25 m3 of ready-mixed concrete is added.
Regarding the cogeneration plant activity, in 2023, its operation was correlated with the production activity in order to optimize costs.
Under these conditions, the amount of electricity produced in 2023 was: 13,987.30 MWh of which 11,056.16 MWh was delivered to the NES, the difference of 2,931.14 MWh being used for domestic consumption. For the quantity of electricity delivered to the NES, the company qualified for the cogeneration bonus under the support scheme for the promotion of high efficiency cogeneration.
The amount of thermal energy produced in 2023 was: 21,690.45 MWh, used entirely for domestic consumption.

22. OPERATING EXPENDITURE

Expenditure	**31 December 2022**	**31 December 2023**	**Difference (2023-2022)**
Expenditure on raw materials and consumables	**31.741.610**	**46.834.676**	**15.093.066**
Energy and water expenditure	19.063.051	24.087.710	5.024.659
Other production expenditure	1.686.145	1.724.606	38.461
Trade discounts received	(356.242)	(213.723)	142.519
Total material cost	**52.134.564**	**72.433.269**	**20.298.705**
Salaries and allowances	14.428.150	23.560.787	9.132.637
Expenditure on insurance and social protection	379.249	545.618	166.369
Total staff expenditure	**14.807.399**	**24.106.405**	**9.299.006**
Depreciation	9.444.496	9.545.776	101.280
Impairment adjustments	0	0	0
Total depreciation and amortisation	**9.444.496**	**9.545.776**	**101.280**
Expenditure on external benefits	6.606.066	9.448.655	2.842.589
Expenditure on other taxes, duties and similar charges	1.332.697	1.398.153	65.456
Other expenses	3.494.189	282.425	(3.211.764)
Total other operating	**11.432.952**	**11.129.233**	**(303.719)**

expenditure			
Total	**87.819.411**	**117.214.683**	**29.395.272**

The prices of raw materials and supplies recorded significant increases compared to the previous year, mainly influenced by the significant increase in the price of electricity and natural gas.
In general, the sources of supply are secure, aiming to maintain a minimum number of 2 suppliers/set.
The amounts paid to the statutory auditor in 2023 were 100,840 lei (excluding VAT) and the insurance expenses recorded were 120,639 lei.

23. FINANCIAL INCOME

Income	**31 December 2022**	**31 December 2023**	**Difference (2023-2022)**
Income from exchange rate differences	66.205	147.333	81.128
Interest income	760	426	(334)
Income from shares held in subsidiaries	62.575	0	(62.575)
Other financial income	11.054	50	(11.004)
Total	**140.594**	**147.809**	**7.215**

24. FINANCIAL EXPENDITURE

Expenditure	**31 December 2022**	**31 December 2023**	**Difference (2023 -2022)**
Interest-related expenditure	1.627.706	1.942.477	314.771
Other financial charges	129.315	216.716	87.401
Value adjustments on financial fixed assets	0	0	0
Total	**1.757.021**	**2.159.193**	**402.172**

Interest expenses increased by 314,771 lei, from 1,627,706 lei (2022) to 1,942,477 lei (2023) (see situation of short and long-term loans) due to the increase of the reference interest rate NBR in the context of the decrease of the company's indebtedness.

25. CORPORATE INCOME TAX

Corporate tax information (as per the 101 return):

Indicators	**Amount 31.12.2022**	**Amount 31.12.2023**
Operating income	98.448.039	120.481.437

Operating expenses	89.074.983	117.563.665
Operating result	**9.373.056**	**2.917.772**
Financial income	140.594	147.809
Financial expenses	1.757.021	2.159.193
Financial result	(1.616.427)	(2.011.384)
Gross result	**7.756.629**	**906.388**
Income-like items	**35.699**	**35.699**
Similar items of expenditure	**29.862**	**0**
Tax depreciation	9.432.202	9.533.482
Deductible legal reserve	449.833	62.769
Total deductions	**9.882.035**	**9.596.251**
Other non-taxable income	15.547	0
Total non-taxable income :	**15.547**	**0**
Income tax expenses	1.255.572	348.982
Fines, non-deductible penalties	3.598	24.663
Non-deductible protocol expenses	155.329	930.207
Expenditure on sponsorships	85.540	85.739
Depreciation expense	9.444.496	9.545.776
Other non-deductible expenses	444.456	435.804
Total non-deductible expenditure	**11.388.991**	**11.371.171**
Total taxable profit	**9.253.875**	**2.717.007**
Total corporate income tax	**1.480.620**	**434.721**
Amounts representing sponsorship within the limits provided by law	85.540	85.739
Corporate tax	**1.395.080**	**348.982**
Bonus	**139.508**	**0**
Corporation tax the year after the rebate is reduced	**1.255.572**	**348.982**
Net profit	**7.756.629**	**906.388**

26. BASIC EARNINGS PER SHARE. DILUTED EARNINGS.

	2022	2023
Basic earnings per share	**0.1598**	**0.0186**
Diluted result	**0.1598**	**0.0186**

Basic and diluted earnings per share have the same value because there are no financial instruments with a dilutive effect on earnings. At the meeting of the Board of Directors on 14.03.2024 it was proposed to distribute the net profit for 2023 in the amount of 906,388 lei as follows:

Proposal of current profit distribution for the year 2023:

Net profit 2023: 906.388,00 lei
Legal reserve: 62.769,00 lei
Other Reserves : 843.619,00 lei

The General Meeting of Shareholders of 25/26 April 2024 will decide on this decision.

27. AVERAGE NUMBER OF EMPLOYEES

a) Employees

The average number of employees evolved as follows:

	The financial year ended 31 December 2022	The financial year ended 31 December 2023
Management staff	3	3
Administrative staff	73	80
Production staff	181	255
TOTAL	**257**	**338**

b) The evolution of the employee structure by level of education is shown below:

Year	2022	2023
Staff with higher education	10%	9%
Staff with secondary education	31%	11%
Professional and qualified staff	50%	69%
Unqualified staff	9%	11%

c) Expenditure on salaries and related taxes recorded during 2022 and 2023 are as follows:

	31 December 2022	31 December 2023
Expenditure on salaries	14.428.150	23.560.787
Expenditure on insurance and social protection	369.649	536.618
Optional pension expenditure	9.600	9.000
Total	**14.807.399**	**24.106.405**

The company contributes to the national pension program according to the legislation in force, and has a voluntary pension program since April 2008 for employees who have at least one year of service with the company and are between 18 and 52 years of age. The contribution is paid by the employer, up to the limit of 200 euro/year, according to the Tax Code. The contracts concluded by the employees are for the

NN Optim Voluntary Pension Fund administered by NN Asigurari de viata SA. The company has no other post-employment obligations related to these insurances.
Expenditure on salaries and taxes increased by 9,132,637 lei, from 14,807,399 lei in 2022 to 24,106,405 lei in 2023, at the same time as the average number of employees increased from 257 (31.12.2022) to 338 (31.12.2023).
As of January 1, 2019, given the NACE code in which it operates, namely 2361, manufacture of concrete products for construction, the company is subject to the provisions of GEO no. 114/2018, by which the construction sector is declared a sector of national importance, the minimum wage initially becomes 3.000 lei/month, respectively 4.582 lei/month from 01.11.2023, the employees benefit from income tax exemption, health contribution exemption and CAS contribution decrease from 25% to 21.25%, provided they obtain a minimum of 80% of the turnover from the activity on NACE code.

Following Law 296/2023, the CASS facility will no longer apply from 1 November 2023, so that all individuals who earn income from salaries and similar salaries under an individual employment contract with PREFAB S.A., are obliged to pay CASS.

During 2022 , the company initiated a project on recruitment of skilled labour from Tajikistan. During February-March 2023, 49 people with various qualifications from Tajikistan were recruited at the company's premises, 33 of whom have settled and integrated into the production process**.**

28. TRANSACTIONS WITH RELATED PARTIES

The company is managed in a unitary system by a Board of Directors composed of 3 temporary and revocable directors, elected by the General Meeting of Shareholders, the majority of the members of the Board of Directors being non-executive directors, elected for a period of 4 years.

From 23.06.2021, according to the decision of the A.G.O.A. no. 3 /27.04.2021 and until 23.06.2025, the Board of Directors of PREFAB S.A. has the following composition:

Item no.	**Surname and name**	**Function**	**Profession**
1.	Milut Petre Marian	Chairman of the Board	Engineer
2.	Ionescu Marian Valentin	member	Lawyer
3.	Milut Anca Teodora	member	Architect

As of 31.12.2023, the directors hold PREFAB S.A. shares as follows:

Item no.	Surname and name	Number of shares	Percent
1.	Milut Petre Marian	0	0,00000%
2.	Ionescu Marian Valentin	0	0,00000%
3.	Milut Anca Teodora	0	0,00000%

As of 31.12.2023, the Executive Board is composed of:

Item no.	Surname and name	Function	Profession

1.	Milut Petre Marian	Director-General	Engineer
2.	Boitan Daniela	Economic Director, acting as Deputy Director-General	Economist
3.	Buta Adrian	Energy and Logistics Director	Engineer

Participation of the executive management in the share capital of PREFAB S.A.

On 31.12.2023 the members of the executive management held shares in the share capital of PREFAB S.A. as follows:

Item no.	Surname and name	Number of shares	Percent
1.	Milut Petre Marian	0	0,00000%
2.	Boitan Daniela	9.240	0,01900%
3.	Buta Adrian	0	0,00000%

The total expense for the compensation of the members of the Board of Directors during the financial year 2023 was 1,025,632 lei.
The total gross compensation expense of the executive management during the financial year 2023 was 1,209,987 lei.
The company has no contractual obligations to former directors and officers and has not granted advances or loans to current directors and officers.
The company has no future obligations of a guarantee nature on behalf of the directors.

Information on relationships with related parties, subsidiaries and associated entities

Details of related parties are as follows:

Entity name	**Name of operations with the Group**	**Origin country**	**Transaction type**
o PREFAB S.A.	The parent company	Romania	commercial
o PREFAB INVEST SA	Subsidiary of the parent company (99.9%)	Romania	commercial

The situation of PREFAB SA transactions with affiliated companies on 31.12.2023 compared to 31.12.2022 is as follows:

Claims from related parties are as follows:

	31 December 2022	**31 December 2023**
PREFAB INVEST SA	26.465.429	28.194.135
ROMERICA INTERNATIONAL	0	0
Total	**26.465.429**	**28.194.135**

The debts to related parties are as follows:

	31 December 2022	**31 December 2023**
PREFAB INVEST SA	0	0

ROMERICA INTERNATIONAL	262.400	487.401
Total	**262.400**	**487.401**

Sales of goods, services and/or fixed assets (values expressed in lei without VAT):

	31 December 2022	**31 December 2023**
PREFAB INVEST SA	33.319.609	47.327.451
ROMERICA INTERNATIONAL	0	0
Total	**33.319.609**	**47.327.451**

Purchases of goods and services (values expressed in lei without VAT):

	31 December 2022	**31 December 2023**
PREFAB INVEST SA	0	0
ROMERICA INTERNATIONAL	426.339	820.589
PREFAB BG EOOD Bulgaria	0	0
Total	**426.339**	**820.589**

Transfer price:

Under the relevant tax legislation, the valuation of a related party transaction is based on the concept of the market price of that transaction. In this context, transfer prices must be adjusted to reflect market prices that would have been established between entities between which there is no affiliation and which act independently, based on normal market conditions.
It is likely that transfer pricing audits will be carried out in the future by the tax authorities to determine whether transfer prices comply with the arm's length principle and that the tax base is not distorted. The company's management considers that transactions with related parties comply with the market price principle for each transaction.

29. INFORMATION BY BUSINESS SEGMENT

Segment information is reported according to the Company's activities. Transactions between business segments are carried out on an arm's length basis.

Segment assets and liabilities include both items directly attributable to those segments and items that can be allocated using a reasonable basis.

PREFAB SA is one of Romania's leading manufacturers of:

a. AAC (Autoclaved aerated concrete) with a capacity of 500.000 m3 per year
b. Prefabricated Typified
c. Concrete pipes for water and sewage networks (Premo and Sentab technology)
d. Structurefor shops
e. Prefabricated unprinted

And one of the important suppliers in the local market of:

f. Aggregate
g. Concrete
h. PVC joinery
i. Electricity (from April 2013).

PREFAB SA has identified one business segment for which it presents information separately, namely **the AAC Branch -** which achieved revenues of over 72.54% of production sold, for the AAC product. Autoclaved aerated concrete (AAC) is the masonry material produced by PREFAB SA with the highest share in the company's turnover. In 2023 the production of AAC was 303,214 cubic meters and approximately 297,916 cubic meters of AAC were sold, compared to approximately 237,811.20 cubic meters in 2022.

PREFAB SA applies a unitary policy of prices and discounts granted to customers, depending on volume and payment period (due date).

The revenue and expenditure structure for this business segment is as follows:

Income	**31 December 2022**	**31 December 2023**
Production sold	**61.934.817**	**79.969.851**
Other operating income		
Total income	**61.934.817**	**79.969.851**

Expenditure	**31 December 2022**	**31 December 2023**
Expenditure on raw materials and materials	23.384.308	32.970.695
Expenditure on methane gas, energy and water	18.474.545	18.053.573
Other production expenditure	0	0
Total material cost	**41.858.853**	**51.024.268**
Salaries and allowances	4.178.131	6.944.878
Expenditure on insurance and social protection	93.852	165.510
Total staff expenditure	**4.271.983**	**7.110.388**
Depreciation	3.359.754	3.367.215
Impairment adjustments	0	0
Total depreciation and amortisation	**3.359.754**	**3.367.215**
Expenditure on external benefits	963.499	2.506.933
Expenditure on other taxes, duties and similar charges	224.158	308.912
Other expenses	3.244.055	12.395.512
Total other operating expenditure	**4.431.712**	**15.211.357**
Total expenditure	**53.922.302**	**76.713.228**
Result of activity	**8,012,515**	**3,256,623**

For the AAC business segment we also report the following:

Tangible fixed assets:

	Book value	**Depreciation**	**Net value**

Land 33.392,80 sqm	8.804.961	0	8.804.961
Buildings and constructions	13.160.885	5.249.236	7.911.649
Machinery and means of transport	56.342.711	33.584.266	22.758.445
Total	**78.308.557**	**38.833.502**	**39.475.055**

Long-term debts: 3.680.134 lei
Short-term debts: 26,008,576 lei

PREFAB SA is one of the leading national manufacturers of building materials, with a varied portfolio of marketed products.
The main markets are Romania and occasionally the Republic of Bulgaria and the Republic of Moldova.
In Romania the structure of the market is:

a. for AAC: Muntenia, Transylvania, Moldova
b. for Prefabricated: all Romania
c. for Aggregates, Ready-mix Concrete: local market

The sales policy is differentiated according to the specificity of each product.

a. AAC is sold through distributors or DIY (Do It Yourself) chains
b. Prefabricated products shall be marketed by auction or negotiation on a project basis.

Sales by geographical area:

Geographical area	Sales in 2022	Sales in 2023
1. Muntenia	92.75%	92.88%
2. Transylvania	2.08%	3.02%
3. Moldova	5.04%	4.09%
4. Bulgaria	0.00%	0.00%
5.Republic of Moldova	0.13%	0.01%

ELECTRICITY GENERATION ACTIVITY

PREFAB SA carried out in the period 2011 - 2013 a major investment project, namely: the project 'Realization of a cogeneration plant in order to improve the energy efficiency of Prefab SA activity', in the amount of 22.400.846, 58 lei (5.247.575 euro). The project was submitted on 20 July 2011, to the Intermediate Body for Energy, for financing from European Funds under Priority Axis 4 of the Sectoral Operational Programme: Increasing Economic Competitiveness and was declared eligible for funding, signing in this regard the financing contract no. 18 EE/28.05.2012 with the Ministry of Economy, Trade and Business Environment for the maximum amount of 10.199.768,65 lei. The **main objective of the project** was to increase the efficiency of energy use in the industrial activities of Prefab SA by installing a high efficiency cogeneration plant.
The project was completed with the commissioning on 15.04.2013 of the new co-generation capacity for electricity and thermal energy.
On 24.04.2013 PREFAB SA obtained on the basis of ANRE Decision no. 1038/24.04.2013, "License no. 1222 for the production of electricity for commercial operation of the 5.4 MW gas turbine cogeneration plant. " The electricity produced is delivered to the NES, part of which is used for domestic consumption.
Results of the cogeneration plant activity - the amount of electricity produced in 2023 was: the amount of electricity produced in 2023 was: 13.987,30 MWh of which 11.056,16 MWh was delivered to the SEN, the difference of 2.931,14 MWh being used for internal consumption. For the quantity of electricity delivered to the NES, the company qualified for the cogeneration bonus under the support scheme for the promotion of high efficiency cogeneration. The amount of thermal energy produced in 2023 was: 21,690.65 MWh, used entirely for internal consumption.

30. COMMITMENTS AND QUOTAS

The company is the subject of a number of court actions arising in the ordinary course of business in which it is a creditor and an action challenging its dismissal, the respondent appealed after the court of first instance dismissed its claim. The Company's management believes that, other than the amounts already recorded in these financial statements as provisions or adjustments for impairment of assets and described in the notes to these financial statements, other legal actions will not have a material adverse effect on the Company's economic results and financial position.

Insurance
In the year 2023, the Company has insurance contracts with several insurance companies and mainly relate to:

- Insurance of buildings and assets (mainly pledged or mortgaged to banks)
- Fleet insurance (RCA, CASCO)

31. RISK MANAGEMENT

The company is exposed to the following risks:
- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational risk
- Balancing cost risk
- Taxation risk
- *Data* protection and processing risk
- The risk of **war**

This section provides information on the Company's exposure to each of the above risks, the Company's objectives, risk assessment and risk management policies and processes, and capital management procedures.

General framework for risk management
The Board of Directors of the Company has overall responsibility for establishing and overseeing the risk management framework at the level of the Company.
The activity is governed by the following principles:
a) the principle of delegation of competence;
b) the principle of decision-making autonomy;
c) the principle of objectivity;
d) the principle of investor protection;
e) the principle of promoting stock market development;
f) the active role principle.
The Board of Directors is also responsible for reviewing and approving the Company's strategic, operational and financial plan, as well as the Company's corporate structure.
The Company's risk management policies are defined to ensure that the risks faced by the Company are identified and analysed, that appropriate limits and controls are established, and that risks and compliance with established limits are monitored. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities. The Company, through its training and management standards and procedures, seeks to develop an orderly and constructive control environment in which all employees understand their roles and obligations.

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
- Trade and other payables

A summary of the financial instruments obtained by category is provided below:

ASSETS	31 December 2022	31 December 2023
Trade and similar receivables	28.524.401	28.750.579
Cash and cash equivalents	1.507.104	503.717
Total	**30,031,505**	**29,254,296**

ASSETS	31 December 2022	31 December 2023
Shares held in subsidiaries	149.850	149.850
Other investment securities	200	200
Total	**168,969**	**150,050**

DEBTS	31 December 2022	31 December 2023
Trade and similar debts	6.749.935	12.594.505
Current income tax liabilities	-176.854	90.572
Total	**6.573.081**	**12.685.077**

The company monitors its exposure to credit risk by analysing the age of the receivables that registers and acts continuously to recover overdue or past due receivables.

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 of 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 attempts were made to reduce the number of days set by contract for payment of receivables by the company's customers. Mortgage guarantee contracts have been concluded in favour of banks with which we have open lines of credit, loans 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 can be 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.

Currency risk

The company has transactions and loans 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 particular by converting foreign currency loans into national currency.

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 entity's special department.

Taxation risk

The company has implemented the tax changes on an ongoing basis, 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 be subject to tax audits as new tax regulations are issued.

Data **protection and processing risk**

The risk may arise from situations such as accidental loss or alteration of data and unauthorised access to personal data. Regardless of the basis of processing, the company complies with the obligations laid down in the General Data Protection Regulation (GDPR) - Regulation (EU) 2016/679 including the obligation to inform the data subject at the time of data collection.

The risk of 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.
If the situation of the armed conflict in Ukraine escalates, there is a risk of a partial or total stop of activity, galloping inflation, reduction of trade and investments, increase of taxes and bank interest rates, material destruction and loss of human lives, amplification of the energy and economic crisis.
At the date of this report, management cannot reliably estimate the effects on the company's financial prospects and cannot rule out 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. The risks are as set out above.

32. ANALYSIS OF MAIN ECONOMIC AND FINANCIAL INDICATORS

	2022	**2023**
1. Liquidity indicators		
Current liquidity indicator	1.79	1.44
Immediate liquidity indicator	1.02	0.82
2. Risk indicators		
Debt ratio indicator	0.16	0.19
Interest coverage indicator	6.54 hours	1.65 hours
3. Activity indicators		
Stock rotation speed	3.45 hours	4.47 hours
Number of storage days	106 days	82 days
Rotational speed of customer flows	114 days	95 days
Supplier credit turnover speed	108 days	45days
Turnover speed of fixed assets	0.47 hours	0.54 hours
Turnover speed of total assets	0.37 times	0.43 times
4. Profitability indicators		

Return on capital employed	0.05 hours	0.01 hours
Gross margin on sales	11.25%	2.96%

5. Outcome per share indicators		
Earnings per share	0.1598	0.0186

33. EVENTS AFTER THE REPORTING DATE

Global geopolitical tensions have escalated significantly following the Russian Federation's military interventions in Ukraine that began in 2021. 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. As of the date of this report, management cannot reliably estimate the effects on the Company's financial prospects and cannot rule out 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. The risks are as set out above.

Management is also not aware at this date of any events, economic changes or other uncertainties that could materially affect the Company's earnings or liquidity other than those mentioned.

The notes to the financial statements form an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 14.03.2024 and were signed by:

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

Economic Director,
Ec. Boitan Daniela

Statement of the Board of Directors
to PREFAB SA

The Board of Directors of PREFAB SA hereby declares that it assumes responsibility for the preparation of the Annual Financial Statements as at 31 December 2023.

The Board of Directors of PREFAB SA confirms the following with regard to the Annual Financial Statements as at 31 December 2023:

a) The Annual FinancialStatements 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 AnnualFinancial Statements comply with applicable accounting regulations.

b) The Annual FinancialStatements give a true and fair view of the financial position, financial performance and other information relating to the business.

a) The company operates on a going concern basis.

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

Chairman of the Board of Directors,

Ing. Milut Petre Marian

AUDIT EXPERT S.R.L.

Ploieşti, str. Mircea cel Bătrân, nr. 14 A, Trade Register no. J29/ 68/ 1998 Unique registration code: RO 10117602 Phone/fax: 0244 596 421, e-mail: auditexpert2004@yahoo.com
Registration Number in the Electronic Public Register ASPAAS-FA 50

Independent auditor's report

To

PREFAB S.A. BUCHAREST shareholders

Report on the audit of individual financial statements

Opinion

1 We audited the attached *individual* financial statements of the Company **PREFAB S.A. BUCHAREST ("the Company")**, with registered office in Bucharest, Str. Dr. Iacob Felix, nr. 17-19, floor 2, Sector 1, identified by the unique tax registration code 1916198, which include the balance sheet as at 31 December 2023, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, as well as a summary of significant accounting policies and explanatory notes

2 The *individual* financial statements on 31 December 2023 are identified as follows:

- Net Asset/ Total Equity: 213.389.922 lei
- Net profit/ Net loss of the financial year: 906.388 lei

3 In our opinion, the attached *individual* financial statements provide a true picture of the Company's financial position on 31 December 2023 as well as financial performance and cash flows for the financial year ended on that date, in accordance with the provisions of the Minister of Public Finance Order no. 2844/2016 for the approval of Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union with subsequent amendments.

Basis for opinion

4 We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation no. 537 of the Parliament and the European Council (hereafter "the Regulation") and 162/2017 Act („the Act''). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report. We are independent of the Company, according to the Ethical Code of Professionals Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), according to the ethical requirements that are relevant for the audit of the financial statements in Romania, including the Regulations and the Act, and we have fulfilled our ethical responsibilities according to these requirements and according to IESBA Code. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit key issues

5 Key audit issues are those aspects that, based on our professional judgment, have been of the highest importance for the audit of the current period's financial statements. These issues have been addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them and we do not provide a separate opinion on these key issues. We believe that there are no key audit issues to be communicated in our report.

Other Information

6 Administrators are responsible for compiling and presenting other information. That other information includes the Directors' Report and Remuneration Report but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover this other information, and unless expressly stated in our report, we do not express any assurance about it.

With regard to the audit of the financial statements for the year ended 31 December 2023, it is our responsibility to read that other information and, in this regard, to assess whether that other information is materially inconsistent with the financial statements or with the knowledge we have acquired, we obtained during the audit, or if they appear to be significantly distorted.

As far as the Administrators' Report is concerned, we read and report on whether it was drawn up, in all material respects, in accordance with the provisions of the Minister of Public Finance Order no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union with subsequent amendments.

Regarding the Remuneration Report, we read and report if it was prepared, in all significant aspects, in accordance with the provisions of law 24/2017, paragraphs no. 106-107.

Based solely on the activities to be carried out during the audit of the financial statements, in our opinion:

a) The information presented in the Directors' Report for the financial year for which the financial statements were prepared is consistent, in all material respects, with the financial statements;

b) The Administrators' Report has been prepared in all material respects in accordance with the provisions of the Minister of Public Finance Order no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union with subsequent amendments.

c) The Remuneration Report was prepared in all significant aspects, in accordance with the provisions law 24/2017, paragraphs no.106-107.

In addition, based on our knowledge and our understanding with regard at the Company and its environment, acquired in the course of our audit of the financial statements for the year ended 31 December 2023, we are required to report whether we have identified significant misstatements in the Directors' Report and the Remuneration Report. We have nothing to report on this issue.

Responsibilities of the management and those responsible for governance for the financial statements

7 The management of the Company is responsible for preparing the financial statements to provide a true and fair view in accordance with the provisions of the Minister of Public Finance Order no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union with subsequent amendments and for internal control that management deems necessary to enable the preparation of financial statements without significant misstatement, whether due to fraud or error.

8 In preparing the financial statements, management is responsible for evaluating the Company's ability to continue its business, to present, as appropriate, business continuity issues and to use the business continuity accounting, unless the management plans to liquidate the Company or to stop the operations, or to have no other realistic alternative outside of them.

9 The persons responsible for governance are responsible for overseeing the financial reporting process of the Company.

Auditor's responsibilities in an audit of financial statements

10 Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to the issuance of an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISA will always detect significant misstatement, if any. Distortions may be caused either by fraud or by error and are considered significant if reasonable assumptions can be made that they, individually or cumulatively, will influence the economic decisions of users made on the basis of these financial statements.

11 As part of an audit in accordance with ISA, we exercise professional judgment and we maintain a professional skepticism during the audit. Also:

- We identify and evaluate the risks of material misstatement of financial statements, whether due to fraud or error, we design and execute audit procedures in response to those risks, and obtain sufficient audit evidence to provide a basis for our opinion. The risk of not detecting significant misstatement caused by fraud is higher than the failure to detect a significant misstatement caused by error, as fraud may imply secret, false, deliberate omissions, false statements, and avoidance of internal control.

- We understand the internal audit relevant to the audit in order to design audit procedures that are appropriate to the circumstances but without the purpose of expressing an opinion on the effectiveness of internal control of the Company.

- We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by management.

- We formulate a conclusion on the adequacy of management's use of accruals based on the continuity of activity and we determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could generate significant doubts about the Company's ability to continue their activity. If we conclude that there is significant uncertainty, we need to draw attention to the auditor's report on the accompanying financial statements or, if these presentations are inappropriate, to change our opinion. Our findings are based on audit evidence obtained by the date of the auditor's report. However, future events or conditions may cause the Company not to continue operating on a business continuity basis.

- We evaluate the presentation, structure and content of the financial statements, including disclosures and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a fair presentation.

12 We communicate to those responsible with governance, among other things, the planned area and timing of the audit, as well as the main audit findings, including any significant internal control deficiencies that we identify during the audit.

13 We also provide those responsible with governance with a statement about our compliance with ethical requirements for independence, and communicate to them all relationships and other matters that can reasonably be considered to affect our independence and, where appropriate, related safety measures.

Of the issues we have communicated to those charged with governance, we set out those issues that were of greater importance in the audit of the financial statements of the current period and therefore are key aspects of the audit. We describe these issues in our audit report, unless legislation or regulations hinder public disclosure of the issue, or where, in extremely rare circumstances, we consider that an issue should not be communicated in our report because it is anticipated in that the benefits of the public interest are outweighed by the negative consequences of this communication.

Report on other legal and regulatory provisions

14 We were appointed by the General Meeting of Shareholders on 27.04.2021 to audit the financial statements of PREFAB S.A. Bucharest for the financial year ended December 31, 2023. The uninterrupted total duration of our commitment is 4 years, covering the financial years from 2021 to December 2024.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Company's Audit Committee, wich we issued this report. Also, in conducting our audit, we have maintained our independence from the audited entity.
- We did not provide for the Company **the non-audited services** referred to in Article 5 (1) of EU Regulation no. 537/2014.

Report on compliance with Delegated Regulation (EU) 2018/815 of the Commission ("Regulatory Technical Standard on the Single European Electronic Reporting Format" or "ESEF").

15 We carried out a reasonable assurance mission on the compliance of the financial statements prepared by the Company included in the Annual Financial Report on 31.12.2023, as presented in the digital files containing the unique code **LEI 549300M3U2IZYP60UW32** (Digital Files), with the Delegated Regulation (EU) 2018/815 of the Commission regarding the Single European Electronic Reporting Format ("ESEF Regulation").

Management responsibility for digital files prepared in accordance with ESEF

16 The Company's management is responsible for the preparation of digital files in accordance with ESEF. This responsibility includes:
• Designing, implementing and maintaining relevant internal control for the application of ESEF requirements;
• Ensuring consistency between digital files and financial statements prepared in accordance with Order 2844/2016 with subsequent amendments.

Auditor's responsibility

17 We have the responsibility to express a conclusion regarding the extent to which the financial statements included in the annual report are in accordance with ESEF, in all significant aspects, based on the evidence obtained. We performed our engagement in accordance with the revised International Standard on Assurance Engagements 3000 - "Assurance engagements other than audits or reviews of historical financial information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence regarding the compliance of the financial statements with ESEF requirements. The nature, timing and extent of the procedures selected depend on the auditor's professional judgment, including the assessment of significant risks of deviation from ESEF requirements, caused either by fraud or error. A reasonable assurance engagement includes, among others:
• obtaining an understanding of the process of preparing the Digital File in accordance with ESEF, including the relevant internal controls;

• reconciliation of the Digital Files with the audited financial statements of the Company that were drawn up in accordance with Order no. 2844/2016 with subsequent amendments;
• evaluating whether all the financial statements that are included in the annual financial report are drawn up in a valid XHTML format.

We consider that the evidence we have obtained is sufficient and adequate to provide a basis for our conclusion.

In our opinion, the financial statements, included in the annual financial report drawn up for the financial year ended on 31.12.2023 and presented in the Digital Files containing the unique code LEI 549300M3U2IZYP60UW32 respect, in all significant aspects, the ESEF requirements.

In this section, we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding the financial statements. Our audit opinion on the financial statements of the Company for the financial year ended on December 31, 2023 is included in the Section Report on the annual financial statements above.

Ploiesti, 22.03. 2024

On behalf of

AUDIT EXPERT S.R.L. Ploiesti
registered to the Authority for Public Oversight of
the Statutory Audit Activity under the number FA 050

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de Audit: S.C. AUDIT EXPERT S.R.L.
Registrul Public Electronic: FA 050

General Director

Constantin Maria registered to
the Authority for Public Oversight of
the Statutory Audit Activity under the number AF 184

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar: MARIA CONSTANTIN
Registrul Public Electronic: AF 184

Name of signatory

Roman Ileana registered to
the Authority for Public Oversight of
the Statutory Audit Activity under the number AF 1199

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar: ILEANA ROMAN
Registrul Public Electronic: AF 1199

Form **S1040_A1.0.1**

According to OMFP no. 2.844/2016 and OMF 5.394/15.12.2023
Release date: 15.01.2024

Annual accounting report *

Checksum	Form type
23.813.541	IR
Reporting date	Year
31.12.2023	2023

Identification data ►

* Required fields

VALIDATED FORM

Listing | Unlocking

* Entity: PREFAB SA

* Registration number in the Trade Register: J40/9212/

* Unique Registration Code: ~~1916198~~

LEI(Legal entity identifier):

* Main activity: CAEN Code--Activity name: 2361--Concrete products for construction — Select

* The main activity actually carried out: Code CAEN--Activity name: 2361--Manufacture of concrete products for construction — Select

* Form of ownership: ~~34--Stock companies~~ — Select

Street: DR IACOB FELIX — Number: 17-19

Block — Scale — Apartment

Phone: 0242311715 — e-mail: office@prefab.ro

* County: Bucharest Municipality — Sector: Sector 1

* Locality: Bucharest

Accounting reporting annual ✓ *Form S1040*

☐ Annual financial statement *Form S1041*

☐ The annual financial statements were approved in accordance with the law

Tick if applicable

✓ **Big taxpayers filing their balance sheets in Bucharest**

☐ Branch

☐ Net assets less than half of the value of the subscribed capital

Signatures ►

* Required fields

The electronic signature can only be applied after successful completion of the form validation action.

Electronic signature

Administrator

* Full name: MILUT PETRE MARIAN

Signature

Prepared by

* Name and surname: BOITAN DANIELA

* Quality: 11--Economic Director

Registration number with the professional body

Tax identification code

Signature

** Other person, empowered by law*
*** Authorised natural or legal person, member of CECCAR*

*) Annual accounting reports as at 31 December 2023 prepared by the entities to which the IFRS-compliant Accounting Regulations, approved by the Order of the Minister of Public Finance no. 2.844/2016, as amended and supplemented, set out in item 1.1 of Annex 3 to the Order of the Minister of Finance no. 5394/2023 on the main aspects related to the preparation and submission of annual financial statements and annual accounting reports of economic operators to the territorial units of the Ministry of Finance as well as for the regulation of certain accounting issues, are applicable.

Indicators

Fields with calculated values

Capital - total	Profit/loss	Subscribed capital
213.389.922	906.388	24.266.709

COD 10. STATEMENT OF ASSETS, LIABILITIES AND EQUITY as at 31.12.2023 (lei)
*the rows and correlations in the **RowNo** column will be taken into account and not those contained in the CodRd column*

Delete data from this table (Code 10)

codRd	Item name	No. of rows	Balance of current year at: 01.01.2023	Balance of current year at: 31.12.2023
	A	B	1	2
	A. FIXED ASSETS			
	I. INTANGIBLE FIXED ASSETS			
01	1. Development expenditure (budget headings 203 - 2803 - 2903)	01	0	0
02	2. Concessions, patents, licences, trademarks, similar rights and assets and other intangible assets (ct. 205 + 208 - 2805 - 2808 - 2905 - 2907 - 2908)	02	26.971	3.357
03	3. Commercial fund (ct. 2071)	03	0	0
04	4. Advances on intangible fixed assets (ct. 4094 - 4904)	04	0	0
05	5. Intangible assets for exploration and evaluation of mineral resources (ct. 206 - 2806 - 2906)	05	0	0
06	**TOTAL (rd. 01 to 05)**	06	**26.971**	**3.357**
	II. TANGIBLE FIXED ASSETS			
07	1. Land and buildings (ct. 211 + 212 - 2811 - 2812 - 2911 - 2912)	07	147.119.782	148.700.680
08	2. Technical installations and machinery (ct. 213 + 223 - 2813 - 2913)	08	50.453.270	48.241.614
09	3. Other plant, machinery and furniture (ct. 214 + 224 - 2814 - 2914)	09	28.855	31.690
10	4. Investment property (items 215 + 251* - 2815 - 285* - 2915 - 295*)	10	0	0
11	5. Tangible assets in course of construction (ct. 231 - 2931)	11	1.277.585	3.064.069
12	6. Investments in immovable property under construction (ct. 235 - 2935)	12	0	0
13	7. Tangible assets for exploration and evaluation of mineral resources (ct. 216 - 2816 - 2916)	13	0	0
14	8. Productive plants (ct. 218 - 2818 - 2918)	14	0	0
15	9. Advances for tangible fixed assets (ch. 4093 - 4903)	15	3.002.221	4.571.881
16	**TOTAL (rd. 07 to 15)**	16	**201.881.713**	**204.609.934**
17	**III. PRODUCTIVE BIOLOGICAL ASSETS** (ct. 241 + 227 - 284 - 294)	17	6.049	5.014
303	**IV. RIGHTS OF USE OF LEASED ASSETS** (paragraphs 251* - 285* - 295*)[1]	18	0	782.579
	V. FINANCIAL FIXED ASSETS			
18	1. Shares held in subsidiaries (items 261 to 2961)	19	149.850	149.850

	A	B	1	2
19	Loans granted to group entities (items 2671 + 2672 - 2964)	20	0	0
20	3. Shares held in associates and jointly controlled entities (ct. 262 + 263 - 2962)	21	0	0
21	4. Loans granted to associates and jointly controlled entities (ct. 2673 + 2674 - 2965)	22	0	0
22	5. Other fixed assets (ct. 265 - 2963)	23	200	200
23	6. Other loans (ct. 2675* + 2676* + 2677 + 2678* + 2679*) - 2966* - 2968*)	24	0	
24	**TOTAL (lines 19 to 24)**	25	**150.050**	**150.050**
25	**FIXED ASSETS - TOTAL (headings 06 + 16 + 17 + 18 + 25)**	26	**202.064.783**	**205.550.934**
	B. CURRENT ASSETS			
	I. STOCKS			
26	1. Raw materials and consumables (ct. 301 + 302 + 303 +/- 308 + 321 + 322 + 323 + 328 + 351 + 358 + 381 +/- 388 - 391 - 392 - 3951 - 3958 - 398)	27	6.959.120	6.896.759
27	2. Non-current assets held for sale (item 311)	28	0	0
28	3. Production in progress (ct. 331 + 332 + 341 +/- 348* - 393 - 3941 - 3952)	29	336.710	732.134
29	4. Finished products and goods (ct. 326 + 327 + 345 + 346 + 347 +/- 348* + 354 + 356 + 357 + 361 +/- 368 + 371 +/- 378 - 3945 - 3946 - 3947 - 3953 - 3954 - 3955 - 3956 - 3957 - 396 - 397 - from ct.4428)	30	14.776.936	14.530.200
30	5. Advances (ct. 4091 - 4901)	31	456.240	185.114
31	**TOTAL (rows 27 to 31)**	32	**22.529.006**	**22.344.207**
	II. CREDITS			
32	1. Trade receivables (ct. 2675* + 2676* + 2678* + 2679* - 2966* - 2968* + 411 + 413 + 418 + 4642 - 491 - 494)	33	28.179.018	28.276.127
33	2. Advances paid (ct. 4092 - 4902)	34	37.851	11.432
34	3. Amounts receivable from group entities (items 451** - 495*)	35	0	0
35	4. Amounts receivable from associates and jointly controlled entities (items 453** - 495*)	36	0	0
36	5. Receivables arising from derivative transactions (ct. 4652)	37	0	0
37	6. Other receivables (items 425 + 4282 + 431** + 436** + 437** + 4382 + 441** + 4424 + 4428** + 444** + 445 + 446** + 447** + 4482 + 4582 + 461 + 4662 + 473** + 4762** - 496 + 5187)	38	307.532	463.020
38	7. Subscribed and unpaid capital (items 456 - 495*)	39	0	0
301	8. Dividend receivables distributed during the financial year (ct. 463)	40	0	0
39	**TOTAL (lines 33 to 40)**	41	**28.524.401**	**28.750.579**

40	**III. SHORT-TERM INVESTMENTS** (ct. 505 + 506 + 507 + 508* - 595 - 596 - 598 + 5113 + 5114)	42	0	0
41	**IV. HOME AND BANK ACCOUNTS** (ct. 508* + 5112 + 512 + 531 + 532 + 541 + 542)	43	1.507.104	503.717
42	**CURRENT ASSETS - TOTAL (headings 32 + 41 + 42 + 43)**	44	**52.560.511**	**51.598.503**
43	**C. PREPAID EXPENDITURE** (ct. 471 + 474) **(rd. 46 + 47)** , from which	45	**381.290**	**289.316**
44	Amounts to be reused within a period of up to one year (ct. 471* + ct.474*)	46	381.290	289.316
45	Amounts to be reused in more than one year (from item 471* + item 474*)	47	0	0
	D. DEBTS: AMOUNTS TO BE PAID WITHIN A PERIOD OF UP TO ONE YEAR			
46	1. Loans from bond issues, showing separately loans from convertible bond issues (items 161 + 1681 - 169)	48	0	
47	2. Amounts owed to credit institutions (items 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	49	22.806.559	23.169.040
48	3. Advances received on orders (ct. 419)	50	440.122	1.287.068
49	4. Trade payables - suppliers (ct. 401 + 404 + 408 + 4641)	51	4.303.348	7.072.947
50	5. Bills of exchange payable (ct. 403 + 405)	52	0	0
52	6. Amounts due to group entities (ct. 1661 + 1685 + 2691 + 451***)	53	0	0
53	7. Amounts due to associated and jointly controlled entities (ct. 1663 + 1686 + 2692 + 453***)	54	0	0
54	8. Liabilities arising from derivative transactions (ct. 4651)	55	0	0
55	9. Other liabilities, including tax and social security liabilities (ct. 1623 + 1626 + 167 + 1687 + 2693 + 2695 + 421 + 422 + 423 + 424 + 426 + 427 + 4281 + 431*** + 436*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 457 + 4581 + 462 + 4661 + 467 + 473*** + 4761*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	56	1.829.611	4.325.062
56	**TOTAL (rows 48 to 56)**	57	**29.379.640**	**35.854.117**
57	**E. NET CURRENT ASSETS/NET CURRENT LIABILITIES (headings 44 + 46 - 57 - 74 - 77 - 80)**	58	**23.057.366**	**15.489.240**
58	**F. TOTAL ASSETS LESS CURRENT LIABILITIES (headings 26 + 47 + 58)**	59	**225.122.149**	**221.040.174**
	G. DEBTS: AMOUNTS TO BE PAID OVER A PERIOD OF MORE THAN ONE YEAR			
59	1. Loans from bond issues, showing separately loans from convertible bond issues (items 161 + 1681 - 169)	60	0	0
60	2. Amounts owed to credit institutions (items 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	61	4.328.188	4.282.295
61	3. Advances received on orders (ct. 419)	62	0	0
62	4. Trade payables - suppliers (ct. 401 + 404 + 408 + 4641)	63	0	0

63	5. Bills of exchange payable (ct. 403 + 405)	64	0	0
65	6. Amounts due to group entities (ct. 1661 + 1685 + 2691+ 451***)	65	0	0
66	7. Amounts due to associated and jointly controlled entities (ct. 1663 + 1686 + 2692 + 453***)	66	0	0
67	8. Liabilities arising from derivative transactions (ct. 4651)	67	0	0
68	9. Other liabilities, including tax and social security liabilities (items 1623 + 1626 + 167 + 1687 + 2693 + 2695 + 421 + 422 + 423 + 424 + 426 + 427 + 4281 + 431*** + 436*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 4581 + 462 + 4661 + 467 + 4761*** + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	68	458.880	790.953
69	**TOTAL (lines 60 to 68)**	69	**4.787.068**	**5.073.248**
	H. PROVISIONS			
70	1. Provisions for employee benefits (ct. 1517)	70	0	0
71	2. Other provisions (items 1511 + 1512 + 1513 + 1514 + 1518)	71	0	0
72	**TOTAL (rd. 70 + 71)**	72	**0**	**0**
	PREPAID INCOME			
73	1. Investment grants (ct. 475) - total (line 74 + 75), of which:	73	**3.508.712**	**3.121.466**
74	Amounts to be reopened within one year (ct. 475*)	74	504.795	544.462
75	Amounts to be reopened in more than one year (ct. 475*)	75	3.003.917	2.577.004
76	2. Deferred income (ct. 472) - total (line 77 + 78), of which:	76	**0**	**0**
77	Amounts to be reopened within one year (ct. 472*)	77	0	0
78	Amounts to be reopened in more than one year (ct. 472*)	78	0	0
79	3. Prepaid income on assets received by transfer from customers (item 478) - total (items 80 + 81) , of which:	79	**0**	**0**
80	Amounts to be reopened within one year (ct. 478*)	80	0	0
81	Amounts to be reopened in more than one year (ct. 478*)	81	0	0
82	**TOTAL (line 73 + 76 + 79)**	82	**3.508.712**	**3.121.466**
	J. CAPITAL AND RESERVES			
	I. CAPITAL			
83	1. Paid-up subscribed capital (ct. 1012)	83	24.266.709	24.266.709
84	2. Subscribed capital not paid up (item 1011)	84	0	

85	3. Subscribed capital representing financial liabilities(ct. 1027)[2]		85	0	0
302	4. Assets of the Royalty (ct. 1015)		86	0	0
86	5. Adjustments to the capital stock/region's assets (item 1028)	BALANCE C	87	0	0
87		BALANCE D	88	0	0
88	6. Other equity items (item 103)	BALANCE C	89	0	0
89		BALANCE D	90	458.880	453.168
90	**TOTAL (lines 83 + 84 + 85 + 86 + 87 - 88 + 89 - 90)**		91	**23.807.829**	**23.813.541**
91	**II. CAPITAL PREMIUM** (ct. 104)		92	14.305.342	14.305.342
92	**III. REVALUATION RESERVES** (ct. 105)		93	117.173.624	117.173.624
	IV. RESERVE				
93	1. Legal reserves (ct. 1061)		94	6.023.988	6.086.757
94	2. Statutory or contractual reserves (ct. 1063)		95	0	0
95	3. Other reserves (item 1068)		96	39.161.410	41.614.864
96	**TOTAL (lines 94 to 96)**		97	**45.185.398**	**47.701.621**
97	Exchange differences on translation of individual annual financial statements into a presentation currency other than the functional currency (ct. 1072)	BALANCE C	98	0	0
98		BALANCE D	99	0	0
99	Own shares (ct. 109)		100	0	0
100	Gains related to equity instruments (ct. 141)		101	0	0
101	Losses related to equity instruments (ct. 149)		102	0	0
102	**V. REPORTED RESULT, EXCEPT REPORTED RESULT FROM FIRST TIME ADOPTION OF IAS 29** (ct. 117)	BALANCE **C**	103	9.552.175	9.552.175
103		BALANCE **D**	104	0	0
104	**VI. REPORTED RESULT OF THE EARLY ADOPTION OF IAS 29** (paragraph 118)	BALANCE **C**	105	0	0
105		BALANCE **D**	106	0	0
106	**VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD** (ct. 121)	BALANCE **C**	107	7.756.629	906.388
107		BALANCE **D**	108	0	0

108	Distribution of profit (ct. 129)	109	449.833	62.769
109	**EQUITY - TOTAL (rd. 91 + 92 + 93 + 97 + 98 - 99 - 100 + 101 - 102 + 103 - 104 + 105 - 106 + 107 - 108 - 109)**	110	**217.331.164**	**213.389.922**
110	Private property (ct. 1023)[3]	111	0	
111	Public assets (ct. 1026)	112	0	0
112	**CAPITAL - TOTAL (lines 110 + 111 + 112)**	113	**217.331.164**	**213.389.922**

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Signatures ►

Administrator
Name and surname
MILUT PETRE MARIAN
Signature

Prepared by
Name and surname
BOITAN DANIELA
Quality
11--Economic Director
Registration number with the professional body

Signature

* Accounts to be allocated according to the nature of the items concerned.
** Debit balances of the respective accounts.
*** Credit balances of the respective accounts.

1) This line does not include rights of use which fall within the definition of an investment property and which will be discussed in rd. 10.

2) This account shows the shares which, in terms of IAS 32, are financial liabilities.

3) To be completed by the entities to which the provisions of the Order of the Minister of Public Finance and of the Minister Delegate for the Budget no. 668/2014 approving the Specifications on the drawing up and updating of the centralized inventory of the State's privately owned real estate and of the real rights subject to inventory, with subsequent amendments and additions.

COD 20. STATEMENT OF INCOME AND EXPENDITURE as at 31.12.2023 (lei)
*the rows and correlations in the **RowNo** column will be taken into account and not those contained in the CodRd column*

Delete data from this table column (Code 20)

codRd	Name of indicators		No. of rows	Reporting period	
				01.01.2023	31.12.2023
	A		B	1	2
01	1.Net turnover (lines 03 + 04 - 05 + 06)		01	94.456.912	110.240.799
306	- of which net turnover corresponding to the predominant activity actually carried out		02		
02	Production sold (ct. 701 + 702 + 703 + 704 + 705 + 706 + 708 - ct. 6815*)		03	96.079.188	112.895.388
03	Proceeds from the sale of goods (ct. 707 - ct. 6815*)		04	24.538	300.085
04	Trade discounts granted (ct. 709)		05	1.646.814	2.954.674
05	Income from operating subsidies on net turnover (ct. 7411)		06	0	0
06	2.Income relating to the cost of work in progress (ct. 711 + 712 + 713)	BALANCE C	07	0	1.681.242
07		BALANCE D	08	3.030.025	0
08	3.Income from the production of fixed assets and investment property (ct. 10 + 11)		09	3.314.669	6.951.722
09	Income from the production of intangible and tangible fixed assets (ct. 721 + 722)		10	3.314.669	6.951.722
10	Income from the production of investment property (ct. 725)		11	0	0
11	Income from fixed assets (or disposal groups) held for sale (ct. 753) (ct. 13 + ct. 14)		12	0	0
310	Gains on the valuation of assets held for sale (ct. 7351)		13	0	0
311	Proceeds from the sale of assets held for sale (ct. 7532)		14	0	0
12	5.Income from the revaluation of fixed assets (item 755)		15	0	0
13	6.Income from investment property (item 756)		16	0	0
14	7.Income from biological assets and agricultural products (ct. 757)		17	0	0
15	8.Income from operating subsidies (ct. 7412 + 7413 + 7414 + 7415 + 7416 + 7417 + 7419)		18	0	0
16	9.Other operating income (ct. 758 + 751), of which		19	3.706.483	1.607.674
17	- investment grant revenue (ct. 7584)		20	504.795	504.795
301	- gains from bargain purchases (ch. 7587)		21	0	0
18	**OPERATING INCOME - TOTAL (rd. 01 + 07 - 08 + 09 + 12 + 15 + 16 + 17 + 18 + 19)**		22	**98.448.039**	**120.481.437**
19	10.a) Expenditure on raw materials and consumables (items 601 + 602)		23	31.741.610	46.834.676
20	Other material expenditure (items 603 + 604 + 606 + 608)		24	1.669.296	1.498.132

	A	B	1	2
21	b) Expenditure on utilities (ct. 605), of which:	25	19.063.051	24.087.710
307	- expenditure on energy consumption (ct. 6051)	26	2.277.165	
312	- expenditure on gas consumption (ct. 6053)	27	16.621.950	
22	c) Expenditure on goods (ct. 607)	28	16.849	226.474
23	Trade discounts received (ct. 609)	29	356.242	213.723
24	11.Staff expenditure (ct. 31+32), of which:	30	14.807.399	24.106.405
25	a) Wages and allowances (ct. 641 + 642 + 643 + 644)	31	14.428.150	23.560.787
26	b) Expenditure on insurance and social protection (ct. 645 + 646)	32	379.249	545.618
27	12.a) Value adjustments on fixed assets (ct. 34 + 35 + 36 - 37)	33	9.444.496	9.545.776
28	a.1) Operating charges relating to depreciation of fixed assets (ct. 6811)	34	9.444.496	9.545.776
303	a.2) Depreciation of assets related to the right of use of leased assets (ct. 685)	35	0	0
317	a.3) Other expenditure (ct. 6813 + 6816 + 6817 + of ct. 6818)	36	0	0
29	a.4) Revenue (ct. 7813 + 7816 + of ct. 7818)	37	0	0
30	b) Value adjustments on current assets (lines 39 to 40)	38	0	0
31	b.1) Expenditure (from item 654 + 6814 + from item 6818)	39	0	0
32	b.2) Revenue (ct. 754 + 7814 + of ct. 7818)	40	0	0
33	13.Other operating expenditure (rd. 42 + 43 + 47 + 49 + 51 + 53 + 54 + 55 + 58 + 59 + 60 + 61 + 62)	41	11.432.952	11.129.233
34	13.1. Expenditure on external services (items 611 + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	42	6.606.066	8.963.460
318	13.2. Expenditure on royalties, management fees and rents (item 612) of which:	43		485.195
319	- royalty expenditure (item 6121)	44		
320	- expenditure on management premises (ct. 6122)	45		
321	- rent expenses (ct. 6123)	46		
322	13.3. Expenditure on intellectual property rights (item 616)	47		
323	- of which, expenditure in relation to affiliated entities	48		
324	13.4. Management expenditure (item 617)	49		
325	- of which, expenditure in relation to affiliated entities	50		

326	13.5. Consultancy costs (item 618)	51	0	0
327	- of which, expenditure in relation to affiliated entities	52	0	0
35	13.6. Expenditure on other taxes, duties and similar charges; expenditure on transfers and contributions payable under special legal acts (ct. 635 + 6586)	53	1.332.697	1.398.153
36	13.7. Environmental protection expenditure (item 652)	54		
37	13.8. Expenditure related to fixed assets (or disposal groups) held for sale (item 653) (item 56 + item 57)	55		
313	13.8.1 Losses on the valuation of assets held for sale (ct.6531)	56		
314	13.8.2. Expenditure on disposal of assets held for sale (item 6532)	57		
38	13.9. Expenditure on the revaluation of fixed assets (item 655)	58		
39	13.10. Investment property expenditure (item 656)	59		
40	13.11. Expenditure on biological assets (item 657)	60		
41	13.12. Expenditure relating to disasters and similar events (code 6587)	61		
42	13.13. Other expenditure (ct. 651 + 6581 + 6582 + 6583 + 6584 + 6585 + 6588)	62	3.494.189	282.425
43	14.Adjustments to provisions (lines 64-65)	63		
44	- Expenditure (ct. 6812)	64		
45	- Revenue (ct. 7812)	65		
46	**OPERATING EXPENDITURE - TOTAL (lines 23 to 25 + 28 - 29 + 30 + 33 + 38 + 41 + 63)**	66	**87.819.411**	**117.214.683**
	OPERATING PROFIT OR LOSS:			
47	- Profit (lines 22 - 66)	67	**10.628.628**	**3.266.754**
48	- Loss (lines 66 - 22)	68	**0**	**0**
49	15.Income from shares held in subsidiaries (item 7611)	69	0	0
50	16.Income from shares held in affiliated entities (ct. 7612)	70	62.575	0
51	Income from shares in associates and jointly controlled entities (ct. 7613)	71	0	0
52	18.Income from securities and other financial instruments (item 762)	72	0	0
53	19.Income from derivative transactions (item 763)	73	0	0
54	20.Exchange rate gains (ct. 765)	74	66.205	147.333
55	21.Interest income (item 766)	75	760	426

56	- of which, income from affiliated entities	76		
57	22.Operating subsidy income on interest due (item 7418)	77		
58	23.Short-term financial investment income (item 7617)	78		
308	24.Revenue from deferment of collection beyond normal credit terms (item 7681)	79		
59	Other financial income (ct. 7615 + 764 + 767 + 7688)	80	11.054	50
60	**FINANCIAL INCOME - TOTAL (rd. 69 to 75 + 77 to 80)**	81	140.594	147.809
61	26.Value adjustments on financial fixed assets and financial investments held as current assets (ct. 83-84)	82		
62	- Expenditure (ct. 686)	83		
63	- Revenue (ct. 786)	84		
64	27.Expenditure on transactions in securities and other financial instruments (ct. 661)	85		
65	28.Expenditure on derivative transactions (item 662)	86		
66	29.Interest expenditure (item 666)	87	1.627.706	1.942.477
67	- of which, expenditure in relation to affiliated entities	88		
309	30.Expenditure on deferment of payments beyond normal credit terms (item 6681)	89		
304	31.Leasing interest expense (item 6685)	90		
68	32.Other financial charges (ct. 663 + 664 + 665 + 667 + 6682 + 6688)	91	129.315	216.716
69	**FINANCIAL EXPENDITURE - TOTAL (headings 82 + 85 + 86 + 87 + 89 + 90 + 91)**	92	1.757.021	2.159.193
	FINANCIAL PROFIT OR LOSS:			
70	- Profit (rd. 81 - 92)	93	0	0
71	- Loss (rd. 92 - 81)	94	1.616.427	2.011.384
72	**TOTAL REVENUE (headings 22 + 81)**	95	98.588.633	120.629.246
73	**TOTAL EXPENDITURE (headings 66 + 92)**	96	89.576.432	119.373.876
	GROSS PROFIT OR LOSS:			
74	- Profit (rd. 95 - 96)	97	9.012.201	1.255.370
75	- Loss (rd. 96 - 95)	98	0	0

76	33.Current income tax (Ct. 691)	99	1.255.572	348.982
77	34.Deferred income tax (Ct. 692)	100	0	0
78	35.Deferred income tax revenue (ct. 792)	101	0	0
305	36.Income tax expense arising from uncertainties in tax treatment (item 693)	102	0	0
315	37.Income tax expense arising from settlements within the tax group in the field of income tax (item 694)	103	0	0
316	38.Income tax receipts from settlements within the tax group in the field of income tax (ct.794)	104	0	0
302	39.Tax specific to certain activities (Ct. 695)	105	0	0
79	40.Other taxes not shown under the above items (item 698)	106	0	0
	NET PROFIT OR LOSS FOR THE REPORTING PERIOD:			
80	- Profit (headings 97 - 98 - 99 - 100 + 101 - 102 - 103 + 104 - 105 - 106)	107	**7.756.629**	**906.388**
81	- Losing (rd. 98 + 99 + 100 - 101 + 102 + 103 - 104 + 105 + 106); (rd. 98 + 99 + 100 - 101 + 102 + 103 - 104 + 105 + 106 - 97)	108	**0**	**0**

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Signatures ►

Administrator

Name and surname

MILUT PETRE MARIAN

Signature

Prepared by

Name and surname

BOITAN DANIELA

Quality

11--Economic Director

Registration number with the professional body

Signature

*) Accounts to be allocated according to the nature of the items concerned.

Line 42 - also includes employees' entitlements, established in accordance with labour legislation, which are taken from the debit balance of account 621
"Expenditure on collaborators", analytical "Collaborators natural persons".

COD 30. INFORMATION DATA as at 31.12.2023 (lei)
*the rows and correlations in the **RowNo** column will be taken into account and not those contained in the CodRd column*

Delete data from this table (Code 30)

codRd	I. Data on the recorded result	No. of rows	No.units	Amount
	A	B	1	2
01	Units that made a profit	01	1	906.388
02	Loss-making units	02	0	0
03	Establishments which have neither made a profit nor a loss	03	0	0

codRd	II. Data on outstanding payments	No. of rows	Total (col.2 + 3)	Of which: For current activity	For investment activity
	A	B	1	2	3
04	Outstanding payments - total (rd.05 + 09 +15 to 17 + 19), of which:	04	0	0	0
05	Outstanding suppliers - total (rd. 06 to 08), of which:	05	0	0	0
06	- over 30 days	06	0	0	0
07	- over 90 days	07	0	0	0
08	- over 1 year	08	0	0	0
09	Outstanding social security liabilities - total (rd.10 to 14), of which:	09	0	0	0
10	- state social security contributions payable by employers, employees and other persons treated as such	10	0	0	0
11	- contributions to the health insurance fund	11	0	0	0
12	- supplementary pension contribution	12	0	0	0
13	- contributions to the unemployment insurance budget	13	0	0	0
14	- other social debts	14	0	0	0
15	Outstanding obligations to the budgets of the special funds and other funds	15	0	0	0
16	Outstanding obligations to other creditors	16	0	0	0
17	Taxes, duties and contributions not paid on time to the budget of state, of which:	17	0	0	0
301	- insurance contribution for work	18	0	0	
18	Unpaid taxes and duties to local budgets on time	19	0	0	0

codRd	III. Average number of employees	No. of rows	31 December 2022	31 December 2023
	A	B	1	2
19	Average number of employees	20	257	338

	A	B	1
	IV. Royalties paid during the reporting period, subsidies received and outstanding claims	No. of rows	**Amount** (lei)
	A	B	1
21	Royalties paid during the reporting period for public goods received under concession, of which:	22	7.800
22	- royalties for public property paid to the state budget	23	7.800
23	Mining royalty paid to the state budget	24	0
24	Oil royalty paid to the state budget	25	0
25	Rents paid during the reporting period for land1)	26	0
26	Gross income from services paid to non-residents, of which:	27	0
27	- tax due to the state budget	28	0
28	Gross income from services paid to non-residents of EU Member States, of which:	29	0
29	- tax due to the state budget	30	0
30	Subsidies received during the reporting period, of which:	31	0
31	- subsidies received during the reporting period related to assets	32	0
32	- income-related subsidies, of which:	33	0
33	- Employment Incentive Grants*)	34	0
316	- subsidies for renewable energy	35	0
317	- fossil fuel subsidies	36	0
34	Outstanding debts, which have not been collected within the deadlines laid down in the commercial contracts and/or in the regulations in force, of which:	37	0
35	- outstanding receivables from majority or wholly state-owned entities	38	0
36	- outstanding receivables from private sector entities	39	0

	V. Employee vouchers	No. of rows	**Amount** (lei)
	A	B	1
37	Value of vouchers granted to employees	40	0
302	The value of vouchers granted to categories of beneficiaries other than employees	41	

	VI. Expenditure on research and development)**	No. of rows	**31 December 2022**	**31 December 2023**
	A	B	1	2
38	Research and development expenditure	42	0	0
318	- of which, carried out for the purpose of reducing the environmental impact of the entity's activity or developing new technologies or more sustainable products	43	0	0

39	- by source of financing (headings 45 + 46), of which	44	0	0
40	- from public funds	45	0	0
41	- from private funds	46	0	0
42	- by nature of expenditure (headings 48 + 49), of which:	47	0	0
43	- current expenditure	48	0	0
44	- capital expenditure	49	0	0
	VII. Innovation expenditure *)**	No. of rows	**31 December 2022**	**31 December 2023**
	A	B	1	2
45	Innovation expenditure	50	0	0
319	- of which, carried out for the purpose of reducing the environmental impact of the entity's activity or developing new technologies or more sustainable products	51	0	0
	VIII. Other information	No. of rows	**31 December 2022**	**31 December 2023**
	A	B	1	2
46	Advances for intangible assets (ct. 4094), of which:	52	0	0
303	- advances to non-resident non-affiliates for intangible assets (from account 4094)	53	0	0
304	- Advances to non-resident affiliated entities for intangible assets (from ct. 4094)	54	0	0
47	Advances for tangible fixed assets (ct. 4093), of which:	55	3.002.221	4.571.881
305	- advances to non-resident non-affiliates for tangible fixed assets (from item 4093)	56	0	0
306	- advances to non-resident affiliated entities for tangible fixed assets (from item 4093)	57	0	0
48	Financial fixed assets, gross (headings 59 + 65), of which:	58	163.852	150.053
49	Shares in affiliated entities, participating interests, other fixed assets and debentures, gross (headings 60 + 61 + 62 + 64), of which:	59	149.850	149.850
50	- unquoted shares issued by residents	60	149.850	149.850
51	- shares issued by residents	61	0	0
52	- shares issued by non-residents, of which	62	0	0
307	- holdings of at least 10%	63	0	0
53	- bonds issued by non-residents	64	0	0
54	Non-current assets, gross (headings 66 + 67), of which:	65	14.002	203
55	- claims fixed in lei and denominated in lei, the settlement of which is based on the exchange rate of a currency (from item 267)	66	14.002	203
56	- fixed foreign currency claims (from item 267)	67	0	0

57	Trade accounts receivable, advances for purchase of goods in the nature of inventories and for services rendered to suppliers and other similar accounts, gross (items 4091 + 4092 + 411 + 413 + 418 + 4642), of which:	68	28.790.492	28.418.743
58	- trade accounts receivable from non-resident non-affiliates, advances for purchases of goods in the nature of inventories and for services rendered to non-resident non-affiliated suppliers and other similar accounts, gross in relation to non-resident non-affiliates (from item 4091 + from item 4092 + from item 411 + from item 413 + from item 418 + from item 4642)	69	0	0
308	- trade accounts receivable from non-resident affiliated entities, advances for purchases of goods in the nature of inventories and for services rendered to non-resident affiliated suppliers and other similar accounts, gross in relation to non-resident affiliates (from item 4091 + from item 4092 + from item 411 + from item 413 + from item 418 + from item 4642)	70	0	0
59	Receivables not received by the due date (from ct. 4091 + from ct. 4092 + from ct. 411 + from ct. 413)	71	0	0
60	Claims in respect of staff and similar accounts (ct. 425 + 4282)	72	0	0
61	Claims related to the social security budget and the state budget (from items 431 + 436 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447) + 4482), (rd.74 to 78), of which:	73	236.808	283.245
62	- claims related to the social security budget (ch. 431 + 437 + 4382)	74	158.502	234.829
63	- tax claims in relation to the state budget (ct. 436 + 441 + 4424 + 4428 + 444 + 446)	75	78.306	48.416
64	- subsidies receivable (ct. 445)	76	0	0
65	- special funds - taxes and similar charges (ct. 447)	77	0	0
66	- other claims relating to the state budget (ct. 4482)	78	0	0
67	Entity's claims on affiliated entities (ct.451), of which:	79	0	0
68	- claims on non-resident affiliated entities (from item 451), of which:	80	0	0
69	- trade claims with non-resident affiliated entities (from ct.451)	81	0	0
70	Claims in respect of the social security budget and the state budget not received by the due date (from item 431 + from item 436 + from item 437 + from item 4382 + from item 441 + from item 4424 + from item 4428 + from item 444 + from item 445 + from item 446 + from item 447 + from item 4482)	82	0	0
71	Receivables from derivative transactions (item 4652)	83	0	0
72	Other receivables (items 453 + 456 + 4582 + 461 + 4662 + 471 + 473 + 4762), of which care:	84	70.725	179.775
73	- settlements with associates and jointly controlled entities, settlements with shareholders on capital and settlements from joint operations (ct. 453 + 456 + 4582)	85	0	0
74	- other claims relating to natural and legal persons, other than claims relating to public institutions (State institutions) (from item 461 + 4662 + from item 471 + from item 473)	86	0	0
75	- amounts taken from account 542 "Treasury advances" representing the treasury advances granted in accordance with the law and not yet settled at the reporting date (from item 461)	87	70.725	179.775
76	Interest receivable (ct. 5187), of which:	88	0	0

77	- from non-residents	89	0	0
314	Interest receivable from non-residents (from item 4518 + from item 4538)	90	0	0
78	Amount of loans granted to economic operators****)	91	0	0
79	Short-term gross investments (items 505 + 506 + 507 + of item 508), of which:	92	0	0
80	- unquoted shares issued by residents	93	0	0
81	- shares issued by residents	94	0	0
82	- shares issued by non-residents	95	0	0
83	- bonds issued by non-residents	96	0	0
320	- green bond holdings	97	0	0
84	Other receivables (ct. 5113 + 5114)	98	0	0
85	House in lei and foreign currency (rd. 100 + 101), of which:	99	2.089	7.844
86	- in lei (ct. 5311)	100	2.089	7.844
87	- in foreign currency (ct. 5314)	101	0	0
88	Current accounts with banks in lei and foreign currency (items 103 + 105), of which:	102	1.505.015	495.872
89	- in lei (ct. 5121), of which:	103	1.503.953	495.134
90	- current accounts in lei opened with non-resident banks	104	0	0
91	- in foreign currency (ct. 5124), of which:	105	1.062	738
92	- current accounts in foreign currency with non-resident banks	106	0	0
93	Other current accounts with banks and letters of credit (items 108 + 109), of which:	107	0	0
94	- amounts to be settled, letters of credit and other receivables, in MDL (item 5112 + of items 5125 + 5411)	108	0	0
95	- amounts outstanding and letters of credit in foreign currency (from ct. 5125 + 5414)	109	0	0
96	Debts (items 111 + 114 + 117 + 118 + 121 + 124 + 127 + 128 + 133 + 137 + 140 + 141 + 147), of which:	110	34.166.708	40.927.363
97	Short-term external bank loans (loans received from non-resident financial institutions for which the duration of the credit agreement is less than 1 year) (out of ct. 519), (rd. 112 + 113), of which:	111	22.806.559	23.169.040
98	- in lei	112	22.806.559	23.169.040
99	- in foreign currency	113	0	

100	Long-term external bank loans (loans received from non-resident financial institutions for which the duration of the credit agreement is 1 year or more) (from ct. 162), (rd. 115 + 116), of which:	114	4.328.188	4.282.295
101	- in lei	115	4.328.188	4.282.295
102	- in foreign currency	116	0	0
103	Loans from State treasury and related interest (from ct. 1626 + from ct. 1682)	117	0	0
104	Other loans and related interest (ct. 166 + 1685 + 1686 + 1687), (rd. 119 + 120), of which:	118	0	0
105	- in lei and denominated in lei, the settlement of which is effected at the rate of a currency	119	0	0
106	- in foreign currency	120	0	0
107	Other loans and similar debts (item 167), of which:	121	0	337.785
108	- value of concessions received (from ct. 167)	122	0	337.785
321	- the value of green bonds issued by the entity	123	0	0
109	Trade accounts payable, advances received from customers and other similar accounts, gross (items 401 + 403 + 404 + 405 + 408 + 419 + 4641), of which:	124	4.743.470	8.360.016
110	- trade payables to non-resident non-affiliated entities, advances received from non-resident non-affiliated customers and other similar accounts, gross in relation to non-resident non-affiliates (from item 401 + from item 403 + from item 404 + from item 405 + from item 408 + from item 419 + from item 4641)	125	0	0
309	- trade payables to non-resident affiliated entities, advances received from non-resident affiliated customers and other similar accounts, gross in relation to non-resident affiliates (from item 401 + from item 403 + from item 404 + from item 405 + from item 408 + from item 419 + from item 4641)	126	0	0
111	Liabilities in respect of staff and similar accounts (ct. 421 + 422 + 423 + 424 + 426 + 427 + 4281)	127	984.892	501.539
112	Liabilities to the social security budget and the state budget (items 431 + 436 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447) + 4481), (rd. 129 to 132), of which:	128	1.010.001	1.231.073
113	- debts to the social security budget (chs. 431 + 437 + 4381)	129	322.010	285.911
114	- tax debts to the state budget (ct.436 + 441 + 4423 + 4428 +444 + 446)	130	674.106	938.292
115	- special funds - taxes and similar charges (ct. 447)	131	13.885	6.870
116	- other debts to the state budget (ct.4481)	132	0	0
117	Liabilities of the entity to affiliated entities (item 451), of which:	133	0	0
118	- liabilities to non-resident affiliated entities2) (from item 451), of which:	134	0	0
310	- with original maturity over one year	135	0	0
119	- trade payables to non-resident affiliated entities regardless of maturity (from item 451)	136	0	0

120	Amounts due to shareholders/associates (ct. 455), of which:	137	0	0
121	- amounts due to shareholders/associates individuals	138	0	0
122	- amounts due to shareholders/associates persons legal	139	0	0
123	Liabilities from derivative transactions (item 4651)	140	0	0
124	Other liabilities (ct. 269 + 453 + 456 + 457 + 4581 + 462 + 4661 + 467 + 472 + 473 + 4761 + 478 + 509), of which:	141	293.598	3.045.615
125	- settlements with associates and jointly controlled entities, settlements with shareholders/associates on capital, dividends and settlements from joint ventures (ct. 453 + 456 + 457 + 4581) + 467)	142	293.598	3.045.615
126	- other debts owed to natural and legal persons, other than debts owed to public institutions (state institutions)3) (from ct. 462 + from ct. 4661 + from ct. 472 + from ct. 4661 + from ct. 472 + from ct. 4661) 473)	143	0	0
127	- subsidies not credited to revenue (from ct. 472)	144	0	0
128	- payments on financial fixed assets and short-term investments (ct. 269 + 509)	145	0	0
129	- advance income on assets received by transfer from customers (item 478)	146	0	0
130	Interest payable (ct. 5186), of which:	147	0	0
311	- to non-residents	148	0	0
315	Interest payable to non-residents (from item 4518 + from item 4538)	149	0	0
131	Amount of loans received from economic operators****)	150	0	0
132	Paid-up subscribed capital (ct. 1012) of which:	151	0	0
133	- listed shares 4)	152	24.266.709	24.266.709
134	- unquoted shares 5)	153	0	0
135	- social shares	154	0	0
136	- paid-up subscribed capital of non-residents (from ct.1012)	155	0	0
137	Patents and licences (from ct.205)	156	0	0
	IX. Information on expenditure on collaborators	No. of rows	31 December 2022	31 December 2023
	A	B	1	2
138	Expenditure on collaborators (item 621)	157	0	0
	X. Information on State public property	No. of rows	31 December 2022	31 December 2023
	A	B	1	2
139	The value of state public property under administration	158	0	0
140	Value of State public property under concession	159	0	0

141	Value of leased public property	160		
	XI. Information on State private property subject to inventory under OMFP No 668/2014	No. of rows	**31 December 2022**	**31 December 2023**
	A	B	1	2
142	Net book value of assets6)	161	0	0

	XII. Paid-up share capital	No. of rows	**31 December 2022**		**31 December 2023**	
			Sum (col.1)	%7) (col.2)	**Sum** (col.3)	%7) (col.4)
	A	B	1	2	3	4
143	Paid-up share capital (ct. 1012)7) (rd. 163 + 166 + 170 + 171 + 172 + 173), of which:	162	23.465.618	X	24.266.709	X
144	- held by public institutions (rd. 164 + 165), of which:	163	0	0	0	0
145	- held by centrally subordinated public institutions;	164	0	0	0	0
146	- owned by public institutions under local control;	165	0	0	0	0
147	- held by state-owned companies, of which:	166	0	0	0	0
148	- wholly state-owned;	167		0		0
149	- with majority state capital;	168	0	0	0	0
150	- with minority state capital;	169	0	0	0	0
151	- owned by autonomous regions	170	0	0	0	0
152	- owned by privately held companies	171	21.656.836	92,29	23.372.542	96,32
153	- owned by individuals	172	1.808.782	7,71	894.167	3,68
154	- owned by other entities	173	0	0	0	0

		No. of rows	**Amount (lei)**	
	A	B	**2022**	**2023**
155	**XIII. Dividends/payments due to the state or local budget, to be distributed from the profit for the financial year by national companies, national corporations, companies and autonomous regions, of which:**	174		

	A	B	1	2
156	- to central public institutions;	175	0	0
157	- to local public institutions;	176	0	0
158	- to other shareholders in which the State/territorial administrative units/public institutions directly/indirectly hold shares or holdings irrespective of their weighting.	177	0	0
		No. of rows	Amount (lei)	
	A	B	2022	2023
159	**XIV. Dividends/remittances due to the state or local budget and transferred during the reporting period from the retained earnings of national companies, national corporations, companies and autonomous regions, of which:**	178		
160	- dividends/payments out of the previous year's profit, of which transferred:	179		
161	- to central public institutions;	180		
162	- to local public institutions;	181		
163	- to other shareholders in which the State/territorial administrative units/public institutions directly/indirectly hold shares or holdings irrespective of their weighting.	182		
164	- dividends/payments out of profits of financial years prior to the previous year, of which transferred:	183		
165	- to central public institutions;	184		
166	- to local public institutions;	185		
167	- to other shareholders in which the State/territorial administrative units/public institutions directly/indirectly hold shares or holdings irrespective of their weighting.	186		
	XV. Dividends distributed to shareholders/associates from retained earnings	No. of rows	Amount (lei)	
	A	B	2022	2023
313	- Dividends distributed to shareholders/associates during the reporting period from retained earnings	187		
	XVI. Interim dividend distributions according to Law no. 163/2018	No. of rows	Amount (lei)	
	A	B	2022	2023
312	- interim dividends distributed[8)]	188		
	XVII. Receivables taken over by assignment from legal entities *****)	No. of rows	Amount (lei)	
			31 December 2022	31 December 2023
	A	B	1	2
168	Receivables taken over by assignment from legal entities (at nominal value), of which:	189		
169	- receivables taken over by assignment from affiliated legal entities	190		
170	Receivables taken over by assignment from legal entities (at cost), of which:	191		
171	- claims taken over by assignment from affiliated legal entities	192		

	XVIII. Income from agricultural activities ******)	No. of rows	Amount (lei)	
			31 December 2022	31 December 2023
	A	B	1	2
172	Income from agricultural activities	193		
322	**XVIV. Expenditure relating to disasters and similar events (item 6587), of which:**	194		
323	- floods	195		
324	- drought	196		
325	- landslides	197		

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Signatures ►

Administrator
Name and surname
MILUT PETRE MARIAN
Signature

Prepared by
Name and surname
BOITAN DANIELA
Quality
11--Economic Director
Registration number with the professional body

Signature

*) Subsidies to stimulate employment (transfers from the state budget to the employer) - these are the amounts granted to employers to pay graduates of educational institutions, to stimulate the unemployed who take up work before the end of the unemployment period, to stimulate employers who take on unemployed persons over 45 years of age for an indefinite period, unemployed sole breadwinners or unemployed persons who, within 3 years from the date of employment, meet the conditions for applying for partial early retirement or for the granting of an old-age pension, or for other situations provided for by the legislation in force on the unemployment insurance system and employment stimulation.
**) It will be completed with the expenditure incurred for research and development activities, namely fundamental research, applied research, technological development and innovation, established according to the provisions of Government Ordinance No 57/2002 on scientific research and technological development, approved with amendments and additions by Law No 324/2003, with subsequent amendments and additions.
***) To be completed with the expenditure incurred for the innovation activity.
When completing the rows corresponding to Chapters VI and VII, account shall be taken of the provisions of Commission Implementing Regulation (EU) 2020/1197 of 30 July 2020 laying down the technical specifications and arrangements pursuant to Regulation (EU) 2019/2152 of the European Parliament and of the Council on European business statistics and repealing 10 legal acts in the field of business statistics, published in the Official Journal of the European Union, L series, No .... This Regulation repealed Commission Implementing Regulation (EU) No 995/2012 of 26 October 2012 laying down implementing rules for Decision No 1 608/2003/EC of the European Parliament and of the Council concerning the production and development of Community statistics on science and technology.
****) The category of economic operators does not include entities falling under the accounting regulation of the National Bank of Romania or the Financial Supervisory Authority, companies reclassified in the general government sector and non-profit institutions serving households.
*****) For receivables taken over by assignment from legal entities, both their nominal value and their acquisition cost should be filled in.

For the status of "affiliated legal persons", the provisions of Art. 7, point 26 lit. c) and d) of Law no. 227/2015 on the Tax Code, as amended.
******) According to Article 11 of Commission Delegated Regulation (EU) No 639/2014 of 11 March 2014 supplementing Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing certain rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and amending Annex X to that Regulation, "(1) ... income from agricultural activities means income which a farmer has received from his agricultural activity within the meaning of Article 4(1)(c) of that Regulation (R (EU) 1307/2013) on his holding, including Union support from the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) and any national aid granted for agricultural activities, with the exception of complementary national direct payments pursuant to Articles 18 and 19 of Regulation (EU) No 1307/2013. Income from the processing of agricultural products within the meaning of Article 4(1)(d) of Regulation (EU) No 1307/2013 of the holding shall be considered as income from agricultural activities provided that the processed products remain the property of the farmer and that such processing results in another agricultural product within the meaning of Article 4(1)(d) of Regulation (EU) No 1307/2013.
1307/2013.
All other income is considered as non-agricultural income.
(2) For the purposes of paragraph 1, "income" means gross income before deduction of costs and related taxes............".

1) This will include rents paid for occupied land (agricultural crops, pastures, meadows, etc.) and for commercial premises (terraces, etc.) belonging to private owners or public administration units, including rents for the use of water for recreational or other purposes (fishing, etc.).
2) Amount entered in the row "Liabilities to non-resident affiliated entities (from item 451), of which:" NOT calculated by adding together the amounts in the rows "with original maturity over one year" and "trade payables to non-resident affiliated entities regardless of maturity (from item 451)".
3) The category 'Other liabilities to natural and legal persons other than liabilities to public institutions (state institutions)' shall not include subsidies related to income existing in the balance of account 472.
4) Securities conferring ownership rights in companies, which are negotiable and tradable, according to the law.
5) Securities giving ownership rights in companies, which are not traded.
6) To be completed by the economic operators to whom the provisions of the Order of the Minister of Public Finance and of the Minister Delegate for the Budget no. 668/2014 for the approval of the Specifications on the drawing up and updating of the centralized inventory of the State's privately owned real estate and of the real rights subject to inventory, with subsequent amendments and additions.
7) In section "XII Paid-up share capital" in items 163 - 173 in column 2 and column 4 entities should enter the percentage of share capital held in the total paid-up share capital entered in item 162.
8) This line includes the dividends distributed according to the Law no. 163/2018 for the modification and completion of the Accounting Law no. 82/1991, the modification and completion of the Company Law no. 31/1990, as well as the modification of the Law no. 1/2005 on the organization and functioning of the cooperative.

COD40. SITUATION OF FIXED ASSETS as at 31.12.2023

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Fixed assets	No. of rows	Gross values				
		Initial sale	Cresteri1	Reductions2		Final balance (col.5 = 1 + 2 - 3)
				Total	Of which: scrapping and breaking up	
A	B	1	2	3	4	5
I. Intangible assets						
1.Development expenditure	01	0			X	0
2.Concessions, patents, licences, trademarks, similar rights and assets and other intangible assets	02	1.721.251	640	808.110	X	913.781
3.Goodwill	03	0			X	0
Advances granted for intangible assets	04	0			X	0
Intangible assets for exploration and evaluation of mineral resources	05	0			X	0
TOTAL (rd. 01 to 05)	06	1.721.251	640	808.110	X	913.781
II. Tangible fixed assets						
1.Land and land improvements	07	110.518.883	0	0	0	110.518.883
2.Construction	08	75.722.770	3.576.402	0	0	79.299.172
3.Technical installations and machinery	09	135.920.873	5.470.855	6.068.349	6.068.349	135.323.379
Other plant, machinery and furniture	10	1.197.441	8.233	199.564	199.564	1.006.110
5.Real estate investments	11	0	0	0	0	0
6.Tangible fixed assets under construction	12	1.277.585	6.859.974	5.073.489	0	3.064.070
7.Real estate investments in progress	13	0	0	0	0	0
8.Tangible assets for exploration and evaluation of mineral resources	14	0	0	0	0	0
9.Productive plants	15	0	0	0	X	0
10.Advances ontangible fixed assets	16	3.002.221	1.647.043	77.382	X	4.571.882
TOTAL (rd. 07 to 16)	17	327.639.773	17.562.507	11.418.784	6.267.913	333.783.496
III. Productive biological assets	18	24.695	0	0	X	24.695
IV. Rights of use of leased assets	19	0	792.404	0	X	792.404

V. Financial fixed assets	20	150.050	0	0	X	150.050
ASSETS PROPERTY - TOTAL (headings 06 + 17 + 18 + 19 + 20)	21	329.535.769	18.355.551	12.226.894	6.267.913	335.664.426

► DEPRECIATION OF FIXED ASSETS						
Fixed assets	No. of rows	Initial sale	Depreciation during year [1]	Reduction/elimination during the year of depreciation [2]	Depreciation at year-end (col.9 = 6+7-8)
A	B	6	7	8	9
I. Intangible assets					
1.Development expenditure	22	0			0
2.Concessions, patents, licences, trademarks, similar rights and assets and other intangible assets	23	1.694.280	24.254	808.110	910.424
Intangible assets for exploration and evaluation of mineral resources	24	0	0	0	0
TOTAL (lines 22 + 23 + 24)	25	1.694.280	24.254	808.110	910.424
II. Tangible fixed assets					
1.Land improvements	26	978.266	65.630	0	1.043.896
2.Construction	27	38.143.604	1.929.874	0	40.073.478
3.Technical installations and machinery	28	85.467.603	7.509.759	5.895.595	87.081.767
Other plant, machinery and furniture	29	1.168.587	5.398	199.564	974.421
5.Real estate investments	30	0	0	0	0
6.Tangible assets for exploration and evaluation of mineral resources	31	0	0	0	0
7.Productive plants	32	0	0		0
TOTAL (lines 26 to 32)	33	125.758.060	9.510.661	6.095.159	129.173.562
III. Productive biological assets	34	18.646	1.035	0	19.681
IV. Rights of use of leased assets	35	0	9.825	0	9.825
DEPRECIATIONS - TOTAL (headings 25 + 33 + 34 + 35)	36	127.470.986	9.545.775	6.903.269	130.113.492

► THE SITUATION OF IMPAIRMENT ADJUSTMENTS

Fixed assets	No. of rows	Initial sale	Adjustments made during the year	Adjustments resumed to income	Final balance (c.13 = 10+11-12)
A	B	10	11	12	13
I. Intangible assets					
1.Development expenditure	37	0	0	0	0
2.Concessions, patents, licences, trademarks, similar rights and assets and other intangible assets	38	0	0	0	0
Advances granted for intangible assets	39	0	0	0	0
4.Intangible assets for exploitation and evaluation of mineral resources	40	0	0	0	0
TOTAL (line 37 to 40)	41	0	0	0	0
II. Tangible fixed assets					
1.Land and land improvements	42	0	0	0	0
2.Construction	43	0	0	0	0
3.Technical installations and machinery	44	0	0	0	0
Other plant, machinery and furniture	45	0	0	0	0
5.Real estate investments	46	0	0	0	0
6.Tangible fixed assets in course of construction	47	0	0	0	0
7.Real estate investments in progress	48	0	0	0	0
8.Tangible mineral exploration and evaluation assets valued at cost	49	0	0	0	0
9.Productive plants	50	0	0	0	0
10.Advances for tangible fixed assets	51	0	0		0
TOTAL (lines 42 to 51)	52	0	0	0	0
III. Productive biological assets	53	0	0	0	0
IV. Rights of use of leased assets	54	0	0	0	0
V. Financial fixed assets	55	0	0	0	0
DEPRECIATION ADJUSTMENTS - TOTAL (headings 41 + 52 + 53 + 54 + 55)	56	0	0	0	0

STATEMENT OF FIXED ASSETS
1 increases resulting from revaluation or other operations involving the debiting of fixed asset accounts are also included
2 also includes write-downs arising from revaluation or other operations involving the crediting of fixed asset accounts
STATEMENT OF DEPRECIATION OF FIXED ASSETS
1 increases resulting from revaluation or other operations involving the crediting of accounts relating to the depreciation of fixed assets are also included
2 it also includes write-downs resulting from revaluation or other operations involving the debiting of accounts relating to the depreciation of fixed assets

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Signatures ►

Administrator
Name and surname
MILUT PETRE MARIAN

Signature

Prepared by
Name and surname
BOITAN DANIELA

Quality
11--Economic Director

Registration number with the professional body

Signature

CONSOLIDATED ANNUAL REPORT
For the financial year 2023
Annual Report according to OMFP 2844/2016 and A.S.F. Regulation no. 5/2018-Appendix 15

For the financial year - 2023
Report date - 25.04.2024
Group Name - Prefab **SA**
Head Office - Bucharest, 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 - RO 1916198
Trade 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 number of 48,533,419 registered shares with a nominal value of 0.5 lei each, dematerialized.
Accounting standard applied - International Financial Reporting Standards
Auditing - The financial statements are audited.

1.Activity of group companies

a. Description of the Group's core business

PREFAB SA BUCURESTI, the parent company, is a joint-stock company operating in accordance with the provisions of Law no.31/1990 on companies, republished with subsequent amendments and additions.
The company is registered at the Trade Register Office under no. 40/9212/04.07.2003 and has the unique registration code RO 1916198, and since 1 January 2006 as a result of the provisions of the Tax Code as amended, it has been assigned the tax registration code for VAT purposes -RO 1916198. The main object of activity is, according to the articles of association, the manufactureof concrete products for construction purposes, NACE code 2361

The shareholding structure of the parent company on 31.12.2023 was as follows:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	33.870.172	69.7873
CELCO SA CONSTANTA	12.795.000	26.3633
OTHER SHAREHOLDERS - LEGAL ENTITIES	79.912	0.1647
OTHER SHAREHOLDERS - INDIVIDUALS	1.788.335	3.6847
TOTAL	**48.533.419**	**100.0000**

PREFAB SA BUCURESTI, as parent company, so defined in the accounting regulations applicable to groups of companies, consolidates the annual financial statements in accordance with the provisions of art. 9, para. 3 of the Accounting Law no. 82/1991, republished, because it holds the majority of voting rights of shareholders or associates in other entities, called subsidiaries.
Also, being an entity whose securities are admitted to trading on a regulated market, PREFAB SA BUCURESTI, holding 99.9% of the share capital of Prefab Invest SA, in accordance with the provisions of Regulation no. 31/2006 on the completion of certain regulations of the A.S.F./C.N.V.M., in order to implement some of the provisions of the European directives, is obliged to make available to the public by submitting to the ASF and the regulated market operator the consolidated annual financial statements for the year ending 31.12.2023.
Following the expansion of trading activities PREFAB SA holds 99.9% of Prefab Invest SA Bucharest.
Wishing to establish an association to promote activities related to the precast concrete industry, PREFAB SA together with 8 other renowned companies in this field, have agreed to establish the "PREFBETON Precast Concrete Manufacturers Association". The aim of the Association is to promote precast concrete products, to represent, support and defend the technical, economic and legal interests related to the trade and industry of precast concrete

products, to develop and encourage cooperation in the scientific, technical and standardization field and to stimulate contracts between specialists in the country. The initial patrimony of the Association was 1.800 lei, Prefab SA's contribution was 200 lei.
In December 2023, the Board of Directors of Prefab SA issued Decision no. 43/20.12.2023, by which it was decided to withdraw from this association. This decision was taken after a careful evaluation of the policies, strategic directions as well as the way of working in meetings and meetings of Prefab members, which no longer correspond to the principles and policies of Prefab SA.

RELATED PARTY:

PREFAB INVEST SA BUCURESTI

Head office: Bucuresti, Dr. Iacob Felix, nr. 17-19, et.2, sector 1
Date of foundation: 10.05.2000
Method of establishment: subscription of shares
Activity object according to NACE: code 2361 - Manufacture of concrete products for construction purposes
Company management in 2023:
Chairman of the Board of Directors - Ing. Milut Petre Marian
Director General - Ec. Nistor Carmen
Economic Director - Ec. Tancu Razvan
Share capital - 150,000 lei made up of 4,000 shares at a nominal value of 37.5 lei/share.

b. Specification of the date of establishment of group companies

The parent company PREFAB SA was established in 1990, by taking over the entire patrimony of the former Intreprinderi de Materiale de Constructii Calarasi, which was founded in 1967.
The company PREFAB SA was organized in its current structure on the basis of Law no. 15/1990 and by GO no. 1200/12.11.1990, being registered at the Trade Register under no. J40/9212/2003.

PREFAB INVEST SA BUCURESTI - Date of establishment: 10.05.2000

c. Description of any significant mergers or reorganisations of the company, its subsidiaries or controlled companies during the financial year

During the financial year 2023 there were no significant changes/reorganisations, mergers, divisions or dissolutions, for Prefab SA the parent company and its subsidiary.

On 31.12.2023 PREFAB SA parent company has only one working point, namely :
Operating office in Calarasi, Bucuresti Street, nr. 396, jud. Calarasi
PREFAB Invest - affiliated company has no operating office.

d. Description of acquisitions and/or disposals of assets

Change in balance sheet item fixed assets, during 2023:

The value of tangible fixed assets increased by 1.35%, from 201.890.086 lei (31.12.2022) to 204.615.410 lei (31.12.2023), increase due to the investments made in new equipment and for the modernization of existing production equipment.

No assets have been disposed of that would affect the achievement of the Group's principal objective or the realisation of future economic benefits.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2022	**31 December 2023**
Tangible fixed assets	201.890.086	204.615.410
Intangible assets	31.840	4.585
Real estate investment	0	0
Investments in other entities	300	300
Biological actives	6.049	5.014
Rights of use of leased assets	0	782.579
TOTAL FIXED ASSETS	**201.928.275**	**205.407.888**
Stocks	22.529.006	22.414.179
Trade and other receivables	38.363.550	36.419.911
Cash and cash equivalents	1.673.202	639.633
Other assets (prepaid expenses)	381.290	289.316
TOTAL CURRENT ASSETS	**62.947.048**	**59.763.039**
1.TOTAL ACTIVE	**264.875.323**	**265.170.927**
Share capital	24.266.859	24.266.709
Adjustments to share capital	0	0
Other equity items	(459.609)	(453.897)
Capital premium	14.305.342	14.305.342
Revaluation reserve	117.173.624	117.173.624
Book	49.808.076	52.312.590
Conversion reserves	0	0
Retained earnings except those arising from the first-time adoption of IAS 29	9.579.053	9.588.755
Profit at the end of the reporting period	7.766.331	916.523
Profit sharing	(449.833)	(62.769)
2.TOTAL EQUITY	**221.989.843**	**218.046.877**
Long-term loans	4.328.188	4.282.295
Deferred income tax debt	459.610	791.683
TOTAL LONG-TERM DEBT	**4.787.798**	**5.073.978**
Trade and other payables	9.428.519	11.236.066
Short-term loans	22.806.559	23.169.040
Other debts	2.360.949	4.518.682
TOTAL SHORT-TERM DEBT	**34.596.027**	**38.923.788**
Investment grants, of which:	**3.508.712**	**3.121.466**
- current part	504.795	544.462
- over one year	3.003.917	2.577.004
TOTAL LIABILITIES	**264.882.380**	**265.166.109**
4. MINORITY INTEREST	**(7.057)**	**4.818**

1.1.1. Elements of general evaluation

PREFAB SA has prepared its consolidated financial statements in accordance with the provisions of **OMFP 2844/2016,** which are in compliance with the International Financial Reporting Standards as adopted by the European Union (IFRS), in force at the Group's annual reporting date, i.e. 31.12.2023.

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Indicator	2022	2023
Net turnover	**98.658.501**	**115.427.395**
Other operating income	3.991.127	10.240.755
Total operating income	**102.649.628**	**125.668.150**
Expenditure on raw materials and materials	31.816.918	46.893.230
Other material expenditure	2.199.288	2.480.166
Energy and water expenditure	19.063.051	24.087.710
Expenditure on goods	16.849	226.474
Trade discounts received	(356.242)	(213.723)
Staff expenditure	17.020.859	26.744.850
Expenses with depreciation and amortisation	9.460.124	9.556.895
Other operating expenditure	12.689.477	12.493.396
Total operating expenditure	**91.910.324**	**122.268.998**
Operating result	**10.739.304**	**3.399.152**
Interest income	837	597
Other financial income	77.259	147.383
Income from participating interests	62.575	0
Total financial income	**140.671**	**147.980**
Interest expenses	1.627.706	1.942.477
Other financial charges	129.315	216.716
Adjustment of the value of financial fixed assets	0	0
Total financial expenditure	**1.757.021**	**2.159.193**
Financial result	**(1.616.350)**	**(2.011.213)**
Current result	**9.122.954**	**1.387.939**
Total income	**102.790.299**	**125.816.130**
Total expenditure	**93.667.345**	**124.428.191**
Gross profit	**9.122.954**	**1.387.939**
Corporate tax	**1.356.613**	**471.400**
Net profit	**7.766.341**	**916.539**

In 2023, the national economy continued to face multiple challenges related to stability and predictability, which were amplified by very high inflation as well as the economic implications of the armed conflict at the border. Russia's invasion of Ukraine on 24 February 2022 triggered a war in Europe that threatens 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 and 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 and industrial raw materials, causing price increases and bottlenecks in production chains. At the same time we have seen a significant increase in financing costs. All these consequences are slowing down the pace of economic activity.

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

In the year 2023 compared to 2022, the bottleneck in the building materials market caused by the decrease in consumer purchasing power is expected to continue, with the housing market being significantly affected. The energy crisis triggered in 2021, strongly felt from 2022 onwards, has caused economic involvements at both global and national level which have led to a significant increase in production costs and therefore to a contraction in demand in the building materials market. The cost increases were driven by rising international and domestic prices for natural gas, electricity and fuel, which in turn caused a chain of increases for all products.

At the same time, 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.

Currently the most worrying phenomenon is the increase in inflation, which has led to a decrease in demand in the building materials market due to the decrease in purchasing power and the shift towards existing products by consumers. Although it has been a difficult period, the company has been paying close attention to its activities and has acted prudently and responsibly in its management.

In this context, for Autoclaved Cellular Concrete (AAC), the masonry material produced by PREFAB SA, in 2023 the production was 303,214 m^3 and sold 297,219 m^3.

The market for precast reinforced and prestressed concrete products, electrical pylons, highway elements, precast parts for hypermarkets or supermarkets, beams for road bridges is affected by the lack of large projects for national infrastructure and of sufficiently skilled labour, 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.

In 2023 the total volume of precast elements produced and sold was 4,639.72 m^3 to which 1,478.25 m^3 of ready-mixed concrete is added.

Regarding the activity of the cogeneration plant, in 2023, its operation depended primarily on the prices charged for natural gas in relation to the production activity in order to optimize energy and production costs.

The amount of electricity produced in 2023 was: 13,987.30 MWh of which 11,056.16 MWh was delivered to the NES, the difference of 2,931.14 MWh being used for domestic consumption. For the quantity of electricity delivered to the NES, the company qualified for the cogeneration bonus under the support scheme for the promotion of high efficiency cogeneration.

The amount of thermal energy produced in 2023 was: 21,690.65 MWh, used entirely for domestic consumption.

The affiliated company PREFAB INVEST SA BUCURESTI mainly markets PREFAB SA products in its geographical area.

Liquidity:

- house and bank accounts at the beginning of the period: 1.673.202 lei
- house and bank accounts at the end of the period: 639,633 lei
- cash flow: (1.033.569) lei

The affiliated company PREFAB INVEST SA has not contracted loans from banks or other financial institutions.

Cash and cash equivalents include current accounts in lei and foreign currency, cash at home. Cash and cash equivalents are valued at the exchange rate communicated by the NBR valid at the closing date of the financial year.

1.1.2. Evaluation of the technical level of the group

PREFAB SA-parent company is one of the leading manufacturers in Romania of:

a. ACC (Autoclaved Cellular Concrete) with a capacity of about 500.000 m3/year
b. Prefabricated typified with a capacity of 20.000 m3/year
c. Concrete pipes for water and sewage networks (Premo and Sentab technology)
d. Prefabricated unprinted

And one of the important suppliers in the local market of:

e. Concrete
f. Electricity (from April 2013)

The production structure is always correlated with market conditions and the required quantities and assortment.

Description of the main products and/or services provided, specifying:

a. the main markets for each product or service and the distribution methods:

PREFAB SA, the parent company, is one of the major national manufacturers of building materials, with a varied portfolio of marketed products.
The main markets are Romania and occasionally the Republic of Bulgaria and the Republic of Moldova.
In Romania the structure of the market is:

a. for ACC: Muntenia, Transylvania, Moldova
b. for Prefabricated: all Romania
c. for Aggregates, Ready-mix Concrete: local market

The sales policy is differentiated according to the specificity of each product.
a. ACC is sold through distributors or DIY (Do It Yourself) chains
b. Prefabricated products are sold by auction or negotiation on a project basis.

Sales by geographical area:

Geographical area	Sales in 2021	Sales in 2022	Sales in 2023
1. Muntenia	96.00%	92.75%	92.88%
2. Transylvania	0.19%	2.08%	3.02%
3. Moldova	3.80%	5.04%	4.09%
4. Bulgaria	0.00%	0.00%	0.00%
5.Republic of Moldova	0.01%	0.13%	0.01%

b. Share of each category of products or services in the revenue and total turnover of the group companies for the last three years:

PREFAB SA parent company has continuously pursued over the years the differentiation from national competitors, giving special importance to the modernization and modernization of the production process, increasing the quality of products and services offered to customers even in conditions of general decrease in purchasing power in the market.

Name of products	2021	2022	2023
ACC	82.11%	65.36%	72.54%
Tubes	2.85%	2.50%	3.13%
Prefabricated	3.38%	10.95%	12.33%
Electricity	8.21%	16.8%	7.89%

The turnover registered in 2023 by the group was: 115.427.395 lei

c. the new products envisaged for which a substantial volume of assets will be allocated in the next financial year and the stage of development of these products

Due to the specific nature of the activity, Prefab SA - the parent company - has constantly new products on the production line, depending on the structure of the demand in the prefabricated products market, products that are made to order, according to technical projects.

For the BCA product, the Hebel manufacturing technology is strict and does not allow any modification of the products which are produced according to international product standards, but in the BCA branch, there are permanent improvements on the technological manufacturing lines, updates of the process control computer systems, regular technological revisions and updates of the equipment (overhead travelling cranes, automatic cutting machine, autoclaving control, etc.).

The Prefabricated branch manufactures and sells the following types of products, standard-types, electrical poles, prefabricated structures and concrete.

Prefabricated standardised products are those standardised for different types of work. Centrifugally reinforced concrete poles for overhead power lines are standardised products with a special regime.

On the other hand, industrial and commercial projects (industrial or commercial halls such as hypermarkets) involve following the dimensions of the prefabricated products in the project, which practically means introducing new products and patterns into the manufacturing process, without a substantial volume of new assets for the production line.

Starting with 2013, the new products obtained are electricity and thermal energy, produced in high efficiency cogeneration, intended to cover the internal consumption necessary for the production process but also for the delivery of electricity to the NES.

1.1.3. Evaluation of the technical and material supply activity

The main objectives of the procurement activity were:
- reduction of purchasing costs, thus reducing production costs,
- identifying new suppliers,
- ensuring raw material and material requirements, spare parts, according to the stock policy,
- obtaining the best supply conditions when contracting (quality/price/payment terms).

The current stock, which includes the safety stock, ensures the smooth running of the production activity.
Main raw material suppliers: Devnya Cement , SMA Mineral, Celco , Grimm Metallpulver , Miras International , Mairon Bucharest, Engie Romania SA, E.ON Energie.
Commercial relations with the main suppliers of raw materials are based on compliance with the terms of the sale-purchase contracts concluded or extended at the beginning of each year. The choice of the supplier is made, having as basic principles, the quality-price ratio, the payment terms and the evolution of the market of the respective product.

1.1.4.Evaluation of sales activity

a. Description of the evolution of sales sequentially on the internal and/or external market and of the sales prospects in the medium and long term

The evolution of the group's turnover in the last 2 years is as follows:

2022	2023
98.658.501	**115.427.395**

The medium and long term sales prospects are related to the existing capacities of the factory, i.e. the expansion of the production capacity.

For the period 2024 - 2026 we aim to:
Internal market:

- Increasing sales volumes in traditional markets for ACC and winning new markets, to have a 13% market share;
- Winning new markets for Prefabricated Typified in Banat, Oltenia, Ardeal;
- Winning new markets for Tubes in Banat, Oltenia, Ardeal, Moldova;
- Increasing sales volumes of Prefabricated Products and Tubes on traditional markets in Muntenia, Dobrogea, Moldova;
- In the long term to have a 10% market share of the prefabricated market.

External market:

- Winning new markets in the Republic of Bulgaria and the Republic of Moldova for the ACC product.

Prefab Invest SA subsidiary, through the provided services of commercialization and representation, is mainly addressed to the economic agents in the country.

b. Description of the competitive situation in the group's field of activity, the market share of the group's products or services and the main competitors

Traditional competitors in the ACC market:

- Celco Constanta
- Elpreco Craiova
- Somaco

- Soceram
- Macon Deva

Traditional competitors in the precast and tube market:

- Asa Cons Consolis Turda
- Bauelemente Ploiesti
- Ergon Ploiesti
- Somaco Prefabricated Group
- Con A Sibiu
- Prefabricated meeting Timisoara
- Macon Deva
- Ferrobeton Ploiesti
- Buildcorp Prefabricate Iasi
- SW Umwelttechik Giurgiu Timisoara

In the market, both for the parent company and for the affiliated companies, there are competitive relationships to compete for the same market segment with other competitors with the same activity.

c. Description of any significant dependence of group companies on a single customer or group of customers whose loss would have a negative impact on group revenues

Both in terms of customer list - distribution chain and balanced territorial dispersion, Prefab SA is not significantly dependent on a single customer, and therefore the loss of a customer cannot have a negative impact on the company.

1.1.5. Assessment of employee/staff aspects of group companies

a. the number and level of training of the company's employees and the degree of unionisation of the workforce

Employees	2022	2023
Average no.	272	352
Actual no.	321	262

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In the relationship with the Employer, the employees are represented by the Prefab Free Trade Union. The degree of unionisation in 2023 is 99%.

In terms of *staff recruitment and selection*, this period is characterised by a limited supply of qualified staff, introducing more rigorous selection stages for potential candidates.

PREFAB attaches great importance to professional training, organisation of *qualification courses*, working time efficiency and interdepartmental collaboration.

During 2023, *staff performance* was constantly *evaluated* and individual targets were set, with quarterly reviews.

During 2022 , the parent company initiated a project on recruitment of skilled labour from Tajikistan. During February-March 2023, 49 people with various qualifications from Tajikistan were recruited at the company's premises, 33 of whom settled and integrated into the production process.

b. description of the relationship between manager and employees as well as any elements conflict that characterizes these reports

During 2023, there were no conflicts between company management and employees.

1.1.6. Assessment of aspects related to the impact of the issuer's basic activity on the environment

PREFAB SA - the parent company - aims to intensify its concerns about ensuring and maintaining an environment at the level required by International and European Standards.

The following objectives have been set:

1. Implementation and certification of an environmental management system. The company holds the environmental management nr.08/20.06.2023, valid until 19.06.2026 according to SR EN ISO 14001:2015;

Identifying and keeping under control the environmental aspects associated with all activities carried out within the company, in order to ensure compliance with legal requirements and prevent pollution through:
- minimising the quantities of waste generated and managing it safely when its occurrence cannot be avoided;
- improving the quality of water discharged from society;
- reduction of noxious emissions into the atmosphere;
- reducing consumption of natural resources.
2. Ensure communication of the policy to all internal and external stakeholders;
3. Creating the conditions for the implementation, maintenance and continuous improvement of the Environmental management by providing competent human resources and material resources necessary to maintain the environmental policy and achieve the proposed objectives.

During 2023, compliance with the legal requirements and those contained in the regulatory acts was monitored, and this was also found to be the case following controls carried out by the authorised bodies.

1.1.7.Evaluation of research and development activity

The research activity within the group is carried out through the Technical Department and our own laboratories as well as collaborations with design institutes, with the effect of increasing the quality of our company's products and services by improving manufacturing recipes and optimization schemes in order to increase work productivity, namely:

- modernization of existing production capacities, improvement of the working microclimate, expansion of the sales market and of the scope of activity, automation of technological processes.
- The investments made were from own and borrowed sources.

Given the difficult period of the last few years, the amount of money allocated to R&D in 2023 is insignificant, and own research has been carried out on recipes but without accumulating additional costs.

1.1.8. Evaluation of the group's risk management activity

The group is exposed to the following risks:
- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational risk
- Balancing cost risk
- Taxation risk
- *Data* protection and processing risk
- The risk of **war**

This section provides information on the Group's exposure to each of the above risks, the Group's objectives, risk assessment and risk management policies and processes, and procedures for capital management.

General framework for risk management

The Boards of Directors of the entities have overall responsibility for establishing and overseeing the risk management framework at the level of each entity.
The activity is governed by the following principles:
a) the principle of delegation of powers;
b) the principle of decision-making autonomy;
c) the principle of objectivity;
d) the principle of investor protection;
e) the principle of promoting stock market development;
f) the active role principle.

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

The Group's risk management policies are defined to ensure that the risks faced by the Group are identified and analysed, that appropriate limits and controls are established, and that risks and compliance with established limits are monitored. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities. The Group, through its training and management standards and procedures, aims to develop an orderly and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk that the Group 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 Group's exposure to credit risk is mainly influenced by the individual characteristics of each client and the country in which it operates. The majority of the Group'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
- Trade and other payables

A summary of the financial instruments obtained by category is provided below:

ACTIVE	**31 December 2022**	**31 December 2023**
Trade and similar receivables	38.363.550	36.419.911
Cash and cash equivalents	1.673.202	639.633
Total 40,036,752		**37,059,544**

DEBTS	**31 December 2022**	**31 December 2023**
Trade and similar debts	9.428.519	11.236.066
Other debts (including tax)	2.360.949	4.518.682
Total 11,789,468		**15,754,748**

The Group monitors its exposure to credit risk by analysing the age of the receivables that registers and acts continuously to recover overdue or past due receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with debts that are settled in cash or by transferring another financial asset. The Group's approach to liquidity risk is to ensure, as far as practicable, that it holds sufficient cash at all times to meet liabilities when they fall due, both under normal and stressed conditions, without incurring unacceptable losses or jeopardising the Group's reputation.
The Group has committed long-term loans.
To counter this risk factor, the Group has implemented restrictive policies for the delivery of products to uncertain customers. An important role has been played by the Group's policy of requiring, in certain cases, advance payment 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 attempts were made to reduce the contractually agreed number of days for payment of receivables by the group's customers. Mortgage guarantee contracts were concluded in favour of banks with which we have open credit lines, loans 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 foreign exchange rates, interest rates and reduced market demand will affect the Group's revenues.
Market risk - the instability of the market for building materials, characterized by a significant drop in demand, a risk that can be 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.

Currency risk
The Group has transactions and may have loans 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 particular by converting foreign currency loans into national currency.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the Group'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 Group is also exposed to catastrophe risk. In these circumstances, the Group has acted to take out disaster insurance policies to protect its assets.
Operational risks arise from all Group operations. Primary responsibility for developing and implementing operational risk controls rests with the entity's management. Responsibility is supported by the development of the Group'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 Group 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 entity's special department.

Taxation risk

The Group has implemented the tax changes on an ongoing basis, but the implementation remains open to tax audit for 5 years and even 7 years from 2009.
The interpretation of the texts and the practical implementation of the procedures of the applicable new tax regulations harmonised with European legislation may vary from entity to entity, and there is a risk that in certain situations the tax authorities may take a different position from that of the Group.
The Group may be subject to tax audits as new tax regulations are issued.

Data **protection and processing risk**

The risk may arise from situations such as accidental loss or alteration of data and unauthorised access to personal data. Regardless of the basis of processing, the Group complies with the obligations laid down in the General Data Protection Regulation (GDPR) - Regulation (EU) 2016/679 including the obligation to inform the data subject at the time of data collection.

The risk of 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.
If the situation of the armed conflict in Ukraine escalates, there is a risk of a partial or total stop of activity, galloping inflation, reduction of trade and investments, increase of taxes and bank interest rates, material destruction and loss of human lives, amplification of the energy and economic crisis.
At the date of this report, management cannot reliably estimate the effects on the Group's financial prospects and cannot exclude negative consequences on its business, operations and financial position. Management believes that it

is taking all necessary steps to support the sustainability and growth of the Group's business in the current circumstances and that the business judgements in these financial statements remain appropriate. The risks are as set out above.

1.1.9. Elements of perspective on the group's activity

a. presentation and analysis of trends, elements, events or uncertainty factors that affect or could affect the liquidity of the company compared to the same period of the previous year.

With regard to the effects of Emergency Ordinance No 114/2018 on the activity of PREFAB SA, given that the company achieves at least 80% of its total turnover from the production of building materials, having in its object of activity some of the NACE codes provided for in Article 66, paragraph 1 of GEO 114/2018, this normative act is applicable to it.

The effects of GEO 114/2018 apply from 1 January 2019 to 31 December 2028.

As a result of the entry into force of GEO 114/2018, the salary budget has increased significantly, the company being obliged to provide employees, from 1 January 2019, a minimum gross salary of at least 3,000 lei and from 1 November 2023 a minimum gross salary of at least 4,582 lei.
This increase in wages correlates in the market with an increase in the price of finished products sold by PREFAB SA.

b. presentation and analysis of the effects of current and anticipated capital expenditure on the Group's financial position compared to the same period last year

During the year 2023 there is an increase in tangible fixed assets by 1.35 %, from 201.890.086 lei (31.12.2022) to 204.615.410 lei (31.12.2023), an increase due to investments in new equipment as well as for the modernization of existing production equipment.

No assets have been disposed of that would affect the achievement of the Group's principal objective or affect the realisation of future economic benefits.

The investment program for the period 2023-2024 is estimated at a value of 25.018.267 lei consisting of new equipment and technical installations and modernizations.

b. Presentation and analysis of events, transactions and economic changes that significantly affect income from core business

The core business is still affected by the low level of the construction materials market for both civil and industrial construction and the lack of investment in national infrastructure.

2. Tangible assets of the Group

2.1. Specify the location and characteristics of the main production capacities owned by the Group

The assets and production capacities belonging to the parent company, PREFAB SA, are located on the land owned by the company and operate in the following structure:

1. PREMO tubes
   - PREMO - IPREROM manufacturing technology;
   - production capacity: 210 km equivalent∅ 600
2. SENTAB tubes:
   - production capacity: 122 km equivalent∅ 600;
3. Autoclaved aerated concrete:
   - The manufacturing technology is based on the HEBEL license;
   - production capacity: 500.000 mc;
4. Various prefabricated elements:
   - manufacturing technology - STAND type;
   - designed capacity: 50 000 m3;
5. Mineral aggregates:
   - dredge extraction technology from the Danube - absorbent;

- raw material processing in sorting - grading stations;
- production capacity: 700 000 m^3;

6. Energy: high-efficiency cogeneration plant equipped with a 5.4 MW generator, which produces electricity and steam.

Prefab Invest subsidiary does not have production capacities.

2.2. Description and analysis of the degree of wear of the group's properties

- Buildings = 50.95
- Equipment = 69.08 %

2.3. Clarification of potential issues related to ownership of tangible assets of group companies

The parent company and the affiliated company own their assets and there are no ownership disputes.

3. Market of securities issued by the company.

3.1. Since 5 July 2010, the shares issued by PREFAB SA, the parent company, are traded on the regulated market administered by the B.V.B., within the Equity Securities Sector, Standard Category.

3.2. As of 31.12.2021, Prefab SA-parent company recorded a net profit of RON 10,921,106 which was distributed on the basis of the AGM resolution of 27/28.04.2022, according to the legal regulations, as follows:

Distribution of current profit year 2021:

Net profit 2021: 10.921.106,00 lei
Legal reserve: 621.735,00 lei
Dividend : 6.988.812,34lei
Other Reserves : 3.310.558,66lei

From the amount of 6,988,812.34 lei, representing the dividends due to the shareholders, for the year 2021, the amount of 1,127,972.27 lei was transferred to the Central Depository on 05.07.2022, after withholding the tax due in the amount of 59,275.91 lei, for payment to the shareholders, according to the contract signed.
For the majority shareholder Romerica International, the amount of 5,801,564.16 lei was transferred on 10.10.2022.

As of 31.12.2022, Prefab SA recorded a net profit of 7,756,629 lei, which was distributed on the basis of the AGM resolution of 26/27.04.2023, according to the legal regulations, as follows:

Distribution of current profit year 2022:

Net profit 2022: 7.756.629,00 lei
Legal reserve: 449.833,00 lei
Dividends : 4.853.341,90 lei
Other Reserves : 2.453.454,10 lei

From the amount of 4,853,341.90 lei, representing the dividends due to the shareholders, for the year 2022, the amount of 1,457,347.37 lei was transferred to the Central Depository on 10.07.2023 and the amount of 700,000 lei on 04.09.2023, after withholding tax in the amount of 15,395.43 lei, for payment to the shareholders, according to the contract signed.
As of 31.12.2023, Prefab SA recorded a net profit of 906,388 lei which will be distributed according to the AGM resolution, in accordance with legal regulations.
From the realized profit, legal reserves in the amount of 62.769 lei were registered, according to the provisions of the Law no. 31/1990 republished, on commercial companies, following that the difference of 843.619 lei will be submitted to the approval of the AGM of 25/26.04.2024.

Current profit distribution popunere year 2023:

Net profit 2023: 906.388,00 lei
Legal reserve: 62.769,00 lei
Other Reserves : 843.619,00 lei

As of 31.12.2021, Prefab Invest SA subsidiary company recorded a net profit in the amount of 736,451 lei, which was allocated to other reserves according to legal regulations.
As of 31.12.2022, Prefab Invest SA affiliated company recorded a net profit in the amount of 9,712 lei, which was allocated to other reserves according to legal regulations.
As of 31.12.2023, Prefab Invest SA affiliated company recorded a net profit of 16,405 lei, which will be allocated to other reserves according to legal regulations.

The legal framework for the establishment of own sources of financing and other profit distributions is constituted by the following normative acts:

- Law 227/2015 on the Tax Code with subsequent amendments
- Law no. 31/1990, republished, on companies

3.3. The parent company and affiliated companies have not acquired their own shares.

3.4. PREFAB SA has holdings in the following companies with a total value of 149,850 lei, as follows:

Company name	**Balance at 31.12.2022**			**Balance at 31.12.2023**		
	Value	No. titles	%	Value	No. titles	%
PREFAB INVEST SA	149.850	3.996	99.9000	149.850	3.996	99.9000
				0	0	0
TOTAL	**149.850**			**149.850**		

PREFAB SA holds shares worth 149,850 lei and a 99.9% stake in the share capital of PREFAB INVEST SA. This holding is materialized in a number of 3,996 shares with a nominal value of 37.5 lei per share and confers control over it, given the percentage held in the share capital of this company. It should be mentioned that the shares of this company are not traded on the capital market**.**

Wishing to establish an association to promote activities related to the precast concrete industry, PREFAB SA together with 8 other renowned companies in this field, have agreed to establish the "PREFBETON Precast Concrete Manufacturers Association". The aim of the Association is to promote precast concrete products, to represent, support and defend the technical, economic and legal interests related to the trade and industry of precast concrete products, to develop and encourage cooperation in the scientific, technical and standardization field and to stimulate contracts between specialists in the country. The initial patrimony of the Association was 1.800 lei, Prefab SA's contribution was 200 lei.

In December 2023, the Board of Directors of Prefab SA issued Decision no. 43/20.12.2023, by which it was decided to withdraw from this association. This decision was taken after a careful evaluation of the policies, strategic directions and the way of working in meetings and meetings of Prefab members, which no longer correspond to the principles and policies of Prefab SA.

3.5. The parent company and the affiliated company have not issued bonds or other debt securities.

4.Leadership of the Group

4.1. From 23.06.2021, according to the decision of the A.G.O.A. no. 3 /27.04.2021 and until 23.06.2025, the Board of Directors of PREFAB S.A. - the parent company - has the following composition:

Item no.	Surname and name	Function	Profession
1.	Milut Petre Marian	Chairman of the Board	Engineer

2.	Ionescu Marian Valentin	member	Lawyer
3.	Milut Anca Teodora	member	Architect

a. 1) Surname: Milut
First name: Marian Petre
Age: 68 years
Qualification: engineer
Professional experience:
1980-1981 - engineer IAMSAT Bucharest
1981-1982 - System Engineer Hewlett Packard Romania
1982-1993 - Head of IRUC Territorial Workshop
1993-present - President Romerica International SRL Bucharest
1998-present - Chairman of the BoardDirectors PREFAB S.A.

2) Surname: Ionescu
First name: Marian Valentin
Age: 62 years
Qualification: lawyer
Professional experience:
1991-1993 - legal advisor - Grantmetal S.A.
1992-1993 - legal advisor - Romanian Commodities Exchange S.A
1994-1997 - parliamentary expert - Romanian Senate
1997-1998 - Minister of Privatization-Ministry of Privatization
1998-1999 - legal advisor-Herzfeld &Rubin S.R.L.
2001-2003 - policy officer for Local Agenda 21-National Centrefor Sustainable Development
2003-2004 - senior policy reform specialist - Development Alternatives Inc - Suc. Bucharest
2005-August 2016- General Manager and sole partner- Unic Management Consulting S.R.L.
10 aug.2010-08 aug.2016 - Member of the Board of Directors PREFAB SA
Dec.2015-Aug.2016 - Advisor to the Cabinet of the Minister of Labour, Family, Social Protection and Elderly
Aug.2016-Jan.2017 -State Secretary, Ministry of Labour, Family, Social Protection and theElderly Ministry of Labour and Social Justice
23.06.2017 - present - member of the Board of Directors PREFAB SA

3) Surname: Milut
First name: Anca Teodora
Age: 34 years old
Qualification: architect
Professional experience:
Aug. 2009- Jan. 2010 - supervisor stand, MOMA foods, Euston Station, London, England.
dec. 2010- Mar. 2011 – assistant architect, BCA London, 7a Lamb᾿s Conduit Passage, London, England.
Jun. 2011- Oct. 2011 - assistant architect, Geneto, Nakagyo, Kyoto, Japan.
Apr. 2012- Oct. 2012 - assistant architect, Sinsa-Dong, Kangnam-gu, South Korea.
Jan. 2013 - present - consultant architect at Prefab Invest Bucharest
23.06.2017 - present - member of the Board of Directors PREFAB SA

b. Please note that there is no litigation or administrative proceedings involving members of the Board of Directors.

c. On 31.12.2023 the directors hold a number of shares in PREFAB SA, the parent company, as follows:

Item no.	Surname and name	Number of shares	Percent
1.	Milut Petre Marian	0	0,00000%

2.	Ionescu Marian Valentin	0	0,00000%
3.	Milut Anca Teodora	0	0,00000%

d. Any agreement, understanding or family relationship between the person concerned and another person by virtue of which the person concerned has been appointed as a member of the Board of Directors.

The appointment of the administrators of the parent company was made on the basis of the AGOA Resolution no. 3/27.04.2021.

The family relationship between the Chairman of the Board of Directors, Mr. Milut Petre Marian and Mrs. Milut Anca Teodora was not the reason for her appointment as a member of the Board of Directors. The reasons for which Mrs. Milut Anca Teodora was appointed as a member of the Board of Directors are her competence and her international professional experience.There is no other agreement or understanding between the parties.

4.2. On 31.12.2023, the executive management is composed of:

Item no.	Surname and name	Function	Profession
1.	Milut Petre Marian	Director-General	Engineer
2.	Boitan Daniela	Economic Director, acting as Deputy Director-General	Economist
3.	Buta Adrian	Energy and Logistics Director	Engineer

a. The term for which the person is part of the executive management;
Permanent term.

b. Any agreement, understanding or family relationship between the person concerned and another person by virtue of which the person concerned has been appointed as a member of the executive management;
This is not the case.

c. On 31.12.2023 the members of the executive management of the parent company hold shares in the share capital of PREFAB S.A. as follows:

Item no.	Surname and name	Number of shares	Percent
1.	Milut Petre Marian	0	0,00000%
2.	Boitan Daniela	9.240	0,01900%
3.	Buta Adrian	0	0,00000%

4.3. In the last 5 years, the persons listed under 4.1 and 4.2 have not been involved in litigation or administrative proceedings.

PREFAB INVEST SA- affiliated company has a share capital of 150,000 lei structured in 4,000 shares with a nominal value of 37.5. On 31.12.2023 the situation of the subscribed and paid-up share capital is as follows:

Item no.	Shareholder	No. Shares held	Nominal value	Share capital	% of share capital

1	Prefab SA Bucharest	3.996	37.5	149.850	99.99
2	Other shareholders	4	37.5	150	0.01
	Total	4.000		150.000	100.00

PREFAB INVEST management in 2023:
Chairman of the Board of Directors - Ing. Milut Petre Marian
Director General - Ec. Nistor Carmen
Economic Director - Ec. Tancu Razvan

During 2023 there were no restrictions related to the transfer of securities.

There are no holders of securities with special control rights and there are no restrictions on the voting rights of shareholders in terms of limiting the voting rights of holders to a set percentage or number of votes, time limits for exercising voting rights, etc.
There are no agreements between shareholders that are known to the entity that may result in restrictions on the transfer of securities and/or voting rights.
The appointment of the sole administrator shall be made by the AGOA in accordance with the provisions of Law 31/90 republished as amended.
The sole director is not entitled to issue or redeem his own shares. This is the AGM's power.
According to the legal provisions, the group's profit is not distributed, it is only an economic indicator to inform the shareholders.
The profit/loss realised individually by each company within the group is subject to distribution at the general meetings of each entity.

Other issues
Pursuant to Article 4(7) of the Transparency Directive 2004/109 EC, issuers of securities listed on regulated markets in the EU must prepare their annual financial reports in a single electronic reporting format in accordance with the Single European Electronic Reporting Format (ESEF) Technical Regulatory Standard. The requirements for the single electronic reporting format (ESEF) are laid down in EC Regulation 2018/815, which lays down rules on the format of annual financial reports as a whole, as well as specific rules on the marking of financial statements included in these reports.
According to Article 7 of the Transparency Directive 2004/109 EC, the Group's management is responsible for the preparation and publication of the annual financial reports in accordance with the ESEF Regulation and for the information to be provided and published.
These consolidated financial statements include "digitised files" in accordance with ESEF. For the preparation of these files the company has concluded a consultancy and assistance contract with a specialised firm.

5. CORPORATE GOVERNANCE - PARENT COMPANY

In Romania, the Corporate Governance Code was adopted by the Bucharest Stock Exchange Council in December 2007.
The initial version provided for the compliance of issuers listed on the BVB with the provisions of the Corporate Governance Code, starting with the 2008 Annual Report, then the implementation deadline was changed - for the 2010 Annual Report - to meet their stage of preparation and more recently the new BVB Corporate Governance Code was implemented starting with 2016.
The Corporate Governance Code of the Bucharest Stock Exchange is predominantly intended for companies whose financial instruments are traded on the regulated market operated by the BVB.
The current version of the Corporate Governance Code of the Bucharest Stock Exchange is available on the BVB website (www. bvb.ro).

PREFAB S.A., is a company listed on the BVB, since July 5, 2010, based on the Decision of the Stock Exchange Council no. 54/29.06.2010, and in the STANDARD category - since January 5, 2015.
At present, the company's management system is unitary.
PREFAB S.A. voluntarily adopts the self-imposed provisions of the Corporate Governance Code of the Bucharest Stock Exchange.

Regulatory: the application of the legal framework of reference: the provisions of the Law no. 31/1990 on companies, with subsequent amendments and additions, of the Law no.297/2004 on the capital market, with subsequent amendments and additions, of the Law on issuers no.24/2017, with subsequent amendments and additions and of the A.S.F. Regulation no.5/2018 and of the BVB Corporate Governance Code, create the premises for compliance with the requirements of established corporate governance.

According to the CGC - BVB, issuers draw up a Corporate Governance Regulation, which defines and describes the main aspects of corporate governance.

PREFAB S.A. has drafted a Corporate Governance Regulation on 07.03.2011, which is published on the company's website: www.prefab.ro and has been updated in accordance with the new BVB Corporate Governance Code during 2019 and 2021.

Corporate governance structures

The company's main administrative, management and supervisory structures are: the Board of Directors, the Directors, the Audit Committee, the internal auditor and the external auditor.

1. Board of Directors and Executive Management - powers and responsibilities

1.1.Structure of the Board of Directors

The structure of the Board of Directors ensures a balance between executive and non-executive members. Decision-making remains a collective responsibility of the Board of Directors, which will be held jointly and severally liable for all decisions taken in the exercise of its powers. The Directors shall continuouslyupdate their skills and improve their knowledge of the Company's business and best corporate governance practices in order to fulfil their role.

PREFAB SA is managed by a Board of Directors, which has the general competence to carry out all the acts necessary for the successful achievement of the company's business purpose, except for the matters that are the competence of the General Meeting of Shareholders according to the provisions of the Articles of Association updated on 27.04.2021.

The Board of Directors is composed of 3 members (cf. the Articles of Association) who guarantee the efficiency of the supervision, analysis and evaluation of the company's activity and the fair treatment of shareholders. The members of the Board of Directors are elected by the General Meeting of Shareholders for a term of 4 years with the possibility of being removed by the Ordinary General Meeting in the event of failure to achieve the main objectives. Members of the Board of Directors may be shareholders. The Board of Directors of PREFAB SA is headed by a Chairman appointed from among the members of the Board of Directors by the Board of Directors, who ensures the optimal functioning of the company's bodies. Members of the Board of Directors who are also shareholders take part in all General Meetings of Shareholders and exercise their mandate knowingly, in good faith for the interest of the company, with due-diligence and care, without disclosing confidential information and trade secrets of the company both during and after their term of office. The Articles of Association of PREFAB SA updated on 27.04.2021, approved by the Board of Directors, regulate the duties, responsibilities and powers of the Board of Directors as well as the obligations of the Company's directors.

The Board of Directors is composed as follows:

1. Miluț Petre Marian - President.
Date of birth: 29.12.1955, Craiova, jud. Dolj
Faculty of Automation and Computers - engineer
Length of service on the Board: 25 years (since 07.12.1998 - 7th term)
Date on which the term of office expires: 23.06.2025
Board member (other companies): Romerica International SRL, Prefab Invest SA Bucharest

2. Ionescu Marian Valentin - Member.
Date and place of birth: 03.09.1961, Bucharest
Faculty of Law - Bucharest - lawyer
Length of service on the Board: 7 years (from 24.06.2013 - 3rd term)
Date on which the term of office expires: 23.06.2025
Board member (other companies): not applicable

3. Miluț Anca Teodora - Member.
Date and place of birth: 31.01.1989, Bucharest
University of Westminster, London, UK - architect

Length of service on the Board: 4 years and 6 months (23.06.2017 2nd mandate)
Date on which the term of office expires: 23.06.2025
Board member (other companies): not applicable

The Board of Directors has appointed a Secretary General to advise the Board on corporate governance issues. He/she, in collaboration with the Chairman of the Board, takes minutes of each meeting, the resolutions that have been passed or not, indicating the votes for/against/abstain in favour of each resolution.

Board of Directors Secretary - Bratu Elena Anca, appointed by Decision No 21/30.08.2022.

Date and place of birth: 18.03.1985, Calarasi
Faculty of Accounting and Financial Management, ASE - Bucharest - economist
Total seniority: 19 years
Seniority in PREFAB SA: 19 years
Board member (other companies): not applicable

The members of the Board of Directors and the Executive Management are not members of the Board of Directors of other companies listed on the BSB.

The Board of Directors is responsible for the management of PREFAB SA. It acts in the best interests of the company and protects the general interests of the shareholders by ensuring the sustainable development of the Company. The Board will function as a collective body, based on fair and complete information. The information obtained shall be used only for the purpose of exercising the mandate.

The Board of Directors is responsible for carrying out all acts necessary and useful for the achievement of the company's object of activity, with the exception of those reserved by law for the General Meeting of Shareholders. It shall ensure that the company has all the financial and personnel resources to achieve its objectives.

The Board of Directors delegates the management of the company to the Board of Directors. The company's annual financial statements are subject to a statutory financial audit requirement, delegation of management is mandatory.

The Board of Directors reports directly to the Chairman of the Board of Directors.

The Board of Directors has the following basic powers, which may not be delegated to Directors:

a) to establish the main directions of activity and development of the company;

(b) establishing accounting policies and the financial control system, and approving financial planning;

c) appointing and dismissing directors and determining their remuneration;

d) supervision of the work of the directors;

e) preparation of the annual report, organisation of the general meeting of shareholders and implementation of its resolutions;

f) filing a petition for the opening of insolvency proceedings;

and, by delegation of powers by the Extraordinary General Meeting, the exercise of powers relating to:

g) the establishment or closure of secondary offices: branches, agencies, representative offices or other such establishments without legal personality and those under delegation of competence.

Under the terms of the law, the Board of Directors determines the "depreciation regime" and the "normal operating lives" of fixed assets.

The Board of Directors performs any other duties and has all the powers arising from the law (organisation of accounting, labour protection, etc.), the articles of association or the resolution of the General Meeting of Shareholders.

The responsibilities of the BoD and executive management are clearly divided and delineated.

The Board of Directors has delegated the management of the company to the Board of Directors consisting of several directors, individuals, including a "General Manager" and a "Deputy General Manager".

The Board of Directors of PREFAB SA consists of 3 directors, of which Ionescu MarianValentin is an independent director.

PREFAB SA adheres to the criteria for independence of non-executive directors provided by corporate governance, namely:

a) a non-executive director or member of the Supervisory Board (SB) is not a director of the company or of a company controlled by it and has not held such a position in the last five years;

b) is not an employee of the company or a company controlled by it and has not had such an employment relationship in the last five years;

c) does not receive and has not received from the company or from a company controlled by it any additional remuneration or other benefits, other than those corresponding to his capacity as non-executive director or member of the Supervisory Board;
d) is not and does not represent in any way a significant shareholder of the company;
e) does not have and has not had in the last financial year any business relationship with the company or a company controlled by it, either directly or as a partner, shareholder, director, manager or employee of a company in such a relationship with the company.Business relationships include, but are not limited to, the position of: significant supplier of goods or services (including financial, legal, consultancy services, etc.) and/or significant customer of the company or of organisations receiving significant contributions from the company or its group, as the case may be;
f) is not and has not been within the last three years an associate or employee of the present or former financial auditor of the company or a company controlled by it;
g) is not a director/manager in another company in which a director/manager of the company is a non-executive director or a member of the Supervisory Board and has no significant connections with directors/managers of the company due to the position held in other companies or entities;
h) has not been a non-executive member of the Board of Directors or the Board of Statutory Auditors of the company for more than three terms;
i) is not a member of the immediate family - spouse or relative up to and including the fourth degree - of one of the board members or directors of the company or of the persons referred to in a) to h) above.

The members of the Board of Directors are responsible for fulfilling all the obligations laid down by law and the Articles of Association. They are guided by a spirit of loyalty to the company and its shareholders.

Directors shall exercise their mandate loyally in the best interests of the company.

Members of the Board of Directors shall be jointly and severally liable with their immediate predecessors if, being aware of irregularities committed by them, they fail to communicate them to the internal auditors and the financial controller.

The members of the Board of Directors are jointly and severally liable to the company for:

a) the actual payments made by shareholders;

b) the actual existence of dividends paid;

c) the existence of the registers required by law and their correct keeping;

d) the exact implementation of the resolutions of general meetings;

e) the strict fulfilment of the duties required by law and the articles of association.

The Board of Directors shall implement induction programmes for new members of the Executive Management so that they can participate actively and to their fullest capacity in the decision-making process as soon as possible after taking office. Promotions to executive management positions are made only from among employees who have knowledge of the company and the sector in which they operate or persons who have demonstrated competence in other companies.

All members of the Board of Directors and executive management attended the AGM meetings.

The Board of Directors of PREFAB SA meets at regular monthly intervals and adopts decisions that enable it to perform its duties in an effective and efficient manner.

In 2023, the Board of Directors met 12 times, with 100% attendance.
The important decisions adopted in the Board of Directors were:

- Decisions approving the annual financial statements for the year 2022.
- Decisions approving the half-yearly financial statements for the first half of the year 2023.
- Decisions approving monthly and quarterly production schedules.
- Decisions on the establishment of committees to pursue the efficiency and optimisation of production activities in crisis conditions.
- Organisational decisions to strengthen discipline.
- Decisions on the follow-up of the investments made in the company as well as committees to analyse the investments to be made in the next period.
- Decisions on appointments and remuneration.

PREFAB SA has secured the services of administrators and directors with a good professional training and an irreproachable ethical profile through an appropriate remuneration policy, compatible with the company's long-term strategy and interests.

The company has developed a remuneration policy for directors and officers. Remuneration of non-executive directors is commensurate with their responsibilities and the time devoted to their duties. The total amount of direct and indirect directors' remuneration for the year 2023, resulting from the capacity they hold and is shown in the table below:

lei

Surname and name	Function	Fixed net allowance 2023	Net variable allowance for fulfilling KPI 202 2
Milut Petre Marian	Chairman of the Board	400.000	0
Milut Anca Teodora	Member (from 23.06.2017)	100.000	0
Ionescu Marian Valentin	Member (from 23.06.2017)	100.000	0

Variable allowances in year 2023 for year 2022 were not awarded because KPIs were not met. Also, for 2023, because the ICP have not been met, no additional bonuses will be granted in addition to the fixed compensation/meeting approved at the AGM.

The remuneration due for the current financial year to the members of the Board of Directors, as well as the general limits of the additional remuneration of the members of the Board of Directors entrusted with specific functions within that body and of the remuneration of the directors, shall be determined at the Ordinary General Meetings.

The Board of Directors makes proposals to the AGM on the remuneration of directors, sets the salary scale for all staff, the remuneration of auditors, identifies and nominates candidates for various management positions.

The Board of Directors shall provide the necessary conditions for the auditors to supervise the management of the entity and to verify that the financial statements are properly drawn up and consistent with the books, that they are kept regularly, that the valuation of the assets and liabilities has been made in accordance with the rules laid down for the preparation of financial statements, and the manner in which they discharge their duties.

The Board of Directors continuously reviews the risks to which the company is exposed with regard to the identification, recording, monitoring and control of significant risks.

1.2. Executive management

The executive management of PREFAB SA for the year 2023, has been ensured by a number of three directors , one of which is the General Manager, one director with the duties of Deputy General Manager and the Director of Energy and Logistics. The Executive Management has been appointed by the Board of Directors and confirmed by the General Meeting of Shareholders. PREFAB SA was represented by the two appointed directors who signed the deeds of employment vis-à-vis third parties and in court. The Board of Directors retained the power to represent the Company in its relations with the directors it appointed.

The organisation of the work of the directors was established by decision of the Board of Directors, in accordance with the approved organisation chart.

The duties of the Managing Director have been laid down in the Company's Rules of Organisation and Functioning (ROF).

The directors are responsible for taking all measures related to the management of the company, within the limits of the company's object of activity and in compliance with the exclusive powers reserved by law or by the articles of association to the Board of Directors and the General Meeting of Shareholders.

Directors shall exercise their mandate loyally in the interests of the company.

The Directors shall keep the Board of Directors regularly and comprehensively informed of the operations undertaken and those envisaged.

The Directors shall notify the Board of Directors of all irregularities discovered in the performance of their duties.

Directors are jointly and severally liable with their immediate predecessors if, being aware of irregularities committed by them, they fail to communicate them to the internal auditors and the financial controller.

Directors are not allowed to disclose confidential information and company trade secrets to which they have access as directors. This obligation continues to apply to them after they have ceased to be directors for a period of 3 years.

In the year 2023 the executive management of the company was ensured as follows:

1) Milut Petre Marian - Director General - from 20.07.2023

Date of birth: 29.12.1955, Craiova, jud. Dolj
Faculty of Automation and Computers - engineer
Seniority at PREFAB SA: 25 years
Board member (other companies): Romerica International SRL, Prefab Invest SA Bucharest

2) Miron Sorin - Director General - until 19.07.2023
Date and place of birth : 24.07.1973, Braila
Business Management - Bucharest Academy of Economic Studies - economist
Total seniority: 26 years
Seniority at PREFAB SA: 9 months
Board member (other companies): not applicable

3) Boitan Daniela - Economic Director, with the attributions of Deputy Director General
Date and place of birth : 09.10.1968, Calarasi
Bucharest Academy of Economic Sciences, Faculty of Finance - Banking - Accounting,
- economist
Total age: 30 years
Seniority at PREFAB SA: 30 years
Board member (other companies): not applicable

4) Buta Adrian -Energy and Logistics Director
Date and place of birth : 15.04.1958, Calarasi
Faculty of Automation and Computers - electrical profile
Total seniority: 41 years
Seniority at PREFAB SA: 11 years
Board member (other companies): not applicable

The remuneration due to the executive management for the year 2023 is shown in the table below.

Surname and name	Function	Fixed net allowance 2023	Net variable allowance for ICP 2022 (lei)
1.Milut Petre Marian	Director-General -from 20.07.2023	107.662	0
2.Miron Sorin	Director General - until 19.07.2023	277.126	0
3.Boitan Daniela	Director Economic DG Adj.	211.197	0
4.Buta Adrian	Energy and Logistics Director	112.651	0

The variable compensation in 2023 for 2022 on the achievement of ICP in 2022 was not granted, because ICP were not met Also, for 2023, ICP were not met and no additional bonus will be granted in addition to the fixed compensation / meeting approved in the AGM.

According to the employment or mandate contracts, the remuneration for both directors and executive management is fixed, with a variable component if the indicators included in the Management Plan are met.

2. Transparency, internal control, financial reporting, and risk management

Transparency

PREFAB SA-the parent company, makes regular and continuous reports on important events concerning the company, including but not limited to financial situation, performance, ownership and management, both in the media and on its own website. The company prepares and disseminates relevant periodic and ongoing information both in accordance with national accounting standards and in accordance with international financial reporting standards and other reporting standards, i.e. environmental, social and governance. The company organizes meetings with financial analysts, brokers, market specialists and investors on the occasion of the dissemination of annual and half-yearly financial statements, which are relevant materials for investment decisions.

PREFAB SA has taken measures to use electronic communication means efficiently in order to:

- posting of all notices to market participants on the company's website, after they have been sent to the

market operator (BVB);
- posting on the website announcements of meetings/meetings/events and related information materials;
- providing information updates to investors via e-mail office@prefab.ro

The company has created a specialized department dedicated to shareholder/investor relations, its staff being permanently trained/educated/professionally trained on legal issues concerning the relationship with its shareholders, corporate governance principles, management, customer relations, etc..

Financial reporting, internal control and risk management.

The financial statements and the operations of PREFAB SA - parent company, subject to the authorization, supervision and control of the Financial Supervisory Authority, according to the law, are audited by AUDIT EXPERT SRL, with registered office in Ploiesti, Mircea cel Bătrân Street no. 14A, Prahova County, registered with the Trade Register under no. J29/68/22.01.1998, CUI 10117602, "financial auditors" active persons, registered in the ASPPAS Electronic Public Register under no. FA50.

The choice of the "financial auditor" is decided by the Ordinary General Meeting of Shareholders.

In the exercise of his specific duties, the financial auditor shall have the following obligations:

a) prepares a "financial audit report" in accordance with the auditing standards issued by the Romanian Chamber of Financial Auditors;

b) prepare, within 30 days, on the basis of the information submitted by the directors, "supplementary reports" - in accordance with financial auditing standards and the reporting framework defined by the ASF/C.N.V.M. regulations regarding transactions reported by shareholders representing at least 5% of the total voting rights - if the securities issued by the company are traded on a regulated market;

(c) provide additional services, subject to compliance with the principle of independence.

In order to objectively examine all the activities carried out, in order to provide an independent assessment of the risk management, control and management processes, the company has organized the "internal audit" and will ensure the exercise of the professional activity of internal audit, according to the rules developed by the Chamber of Financial Auditors of Romania for this purpose.

The internal audit is carried out by external contract with a financial auditor, member of the CAFR and has as main objectives:

a) verifying the compliance of the company's activities with its policies, programmes and management, in accordance with legal provisions;

(b) assessing the adequacy and application of financial and non-financial controls ordered and carried out by the management of the unit in order to increase the efficiency of the economic entity's activity;

c) assessing the adequacy of financial and non-financial data/information for management to understand the reality of the company;

d) safeguarding balance sheet and off-balance sheet assets and identifying methods of preventing fraud and losses of any kind in the company.

The reports were presented to the Board of Directors.

Within PREFAB S.A.- parent company, during 2023 the Audit Committee together with the internal auditor through internal control activities were an integral part of the management process through which the company aimed to achieve the proposed objectives. The control was aimed at the application of internal control rules and procedures at all hierarchical and functional levels: approval, authorization, verification, evaluation of operational performance, securing of assets, separation of functions. The Audit Committee met on a monthly basis prior to Board meetings.

As in previous years, also in 2023 - the management of the parent company has aimed at designing, implementing and maintaining an internal control relevant for the proper conduct of the business as a whole, as well as for the proper preparation and presentation of the company's assets and performance in the financial statements, so that they do not contain material misstatements.

An important concern was the selection and application of appropriate accounting policies to achieve effective internal control. The members of the Board of Directors and the management of the company have demonstrated experience and independence.

The internal control covered the following components:

- a clear definition of responsibilities, adequate resources and procedures, information modalities and systems, appropriate tools and practices;
- the internal dissemination of reliable information, the knowledge of which enabled everyone to exercise their responsibilities;

- a system for analysing the main identifiable risks to the company's objectives and ensuring that procedures are in place to manage these risks;
- appropriate control activities, for each process, designed to reduce the risks likely to affect the achievement of the company's objectives;
- a permanent supervision of the internal control mechanism and a review of its functioning.

The purpose of internal control was achieved by ensuring consistency of objectives, identifying key success factors and communicating real-time performance and outlook information to company management.

During 2023 the reports prepared by the Audit Committee and the Internal Auditor were presented to the Board of Directors for information and review.

3. Shares and Rights of Shareholders

The shares issued by PREFAB SA, the parent company, are "registered shares" with a "nominal value" of 0.5 lei each, issued in "dematerialized form" and freely negotiable.

Shares of the same class and/or category issued by PREFAB SA grant holders equal rights and enjoy fair treatment by providing relevant information enabling them to exercise their rights.All investors can obtain information about the rights attached to each class of securities before buying them. Minority shareholders are protected from abusive actions, and all measures are taken to redress this situation should it arise.

Each paid ordinary share gives the **right to one vote in the general meeting**, the **right to elect and to be elected to the governing bodies of the company, the right to participate in the distribution of profits, the right of pre-emption, as provided for in the articles of association and the legal provisions.**

The exercise of voting rights is suspended for shareholders who are not up to date with payments that have fallen due.

Shares are indivisible with respect to the company, which recognises only one owner for each security. When a registered share issued by the company becomes the property of more than one person, the company will not register the transfer until those persons have appointed a single representative to exercise the rights resulting from the share.

Holders of securities issued by PREFAB SA must exercise the rights conferred by them in good faith, respecting the rights and legitimate interests of the other holders and the overriding interest of the company, otherwise they shall be liable for damages caused.

Ownership of registered shares issued in dematerialised form and traded on an organisedmarket shall be transferred in accordance with the regulations applicable to the regulated market on which those securities are traded.

All holders of shares issued by PREFAB SA will be treated fairly. All shares issued confer equal rights on the holders; any change in the rights conferred by them will be subject to the approval of the holders directly affected.

PREFAB SA facilitates and encourages the participation of shareholders in the work of General Meetings of Shareholders (AGM) and the full exercise of their rights.

For complex issues related to the conduct of the AGM, the company provides adequate details via its own website and through publication in the Official Gazette, the "Bursa" newspaper.

Each shareholder has the right to ask questions on items on the agenda of the general meeting. The company may also respond by posting the answer on the company's website, www.prefab.ro-Secțiunea Shareholders. Shareholders' questions may be submitted in writing, either by post or courier or by electronic means, to e-mail:office@prefab.ro.

For shareholders unable to attend, PREFAB SA provides the possibility of 1) absentee voting by special proxy, 2) postal voting, and 3) remote voting, so that the voting process does not become unnecessarily difficult and expensive.

PREFAB SA encourages, at the AGM, dialogue between shareholders and members of the Board of Directors and/or management, with pertinent questions asked being answered appropriately, unless they are likely to prejudice the company, its shareholders or its employees.

In order to provide shareholders with relevant information in a timely manner, PREFAB SA has created a special section on the www.prefab.ro website, which is easily accessible and constantly updated. The page is structured in such a way as to contain all the information needed by security holders: information on the AGM, financial calendar, periodic and current reports, ratings, dividends, corporate governance, etc.

PREFAB SA also has specialized internal structures for investor relations and relations with its shareholders. The person designated to maintain contact with investors and shareholders - Mrs. Bratu Elena Anca, regularly attends specialization courses, including the use of an appropriate international language.

The shares are indivisible, dematerialized and are traded according to the Decision of the Stock Exchange Council no. 54/29.06.2010 on the regulated market administered by the BVB, in the STANDARD category since 5 January 2015.

Transactions in shares or other financial instruments (the company's securities) carried out for own account by directors or other individuals involved shall be reported to the company within 24 hours of trading. The company prepares a communication to the BVB, which is also published on the company's website.

Ownership of registered shares issued in dematerialised form and traded on an organised market shall be transferred in accordance with the regulations applicable to the regulated market on which those securities are traded.

The company may acquire its own shares only with the authorization of the Extraordinary General Meeting of Shareholders, subject to the conditions and restrictions laid down by law. Only fully paid-up shares may be acquired. The period for which the authorisation to acquire own shares is requested is 18 months from the date of publication of the decision in the Official Gazette of Romania, Part IV.

Payment for the shares to be acquired will be made from the company's available reserves as shown in the company's financial statements, approved by the Ordinary General Meeting of Shareholders.

The acquisition of own shares shall be for the purpose of distribution to directors, officers and employees of the company, within the limits and under the conditions to be approved by the Extraordinary General Meeting of Shareholders.

Shareholders have the right, in case of liquidation of the company, to receive from the company that part of the company's assets which remains after all debts of the company have been settled.

The extent of this right shall be determined either in proportion to the contribution to the share capital or according to other rules laid down in the memorandum of association of the company.

Shareholders may request the following documents for information and control purposes:

a) published periodic and annual financial results
b) the revenue and expenditure budget
c) current reports made to the BVB/ASF
d) resolutions of ordinary and extraordinary general meetings

4.Conflict of interest and transactions with persons involved

4.1 Conflict of interest

Members of the Board of Directors of the parent company make decisions in the best interests of the Company and do not take part in discussions or decisions that create a conflict between their personal interests and those of the Company or subsidiaries controlled by the Company.

4.2 Transactions with stakeholders

Each Director shall ensure the avoidance of any direct or indirect conflict of interest with the Company or a subsidiary controlled by the Company and shall inform the Board of Directors of conflicts of interest as they arise and abstain from discussion and voting on such matters in accordance with applicable legal provisions.

In order to ensure the procedural fairness of transactions with stakeholders ("self-dealing"), the Council used the following criteria:

- maintaining the Board's power to approve the most important transactions;
- requesting a prior opinion on the most important transactions from internal control structures;
- entrusting the negotiation of such transactions to one or more independent trustees or trustees who are not connected with the parties involved;
- consultation of independent experts.

5.Corporate information regime

The Board of Directors of the parent company establishes the corporate policy for the dissemination of information, in compliance with the legislation in force and the company's Articles of Association. This policy guarantees equal access to information for shareholders, investors and does not allow abuse of confidential information or information about "self-dealing".

Directors and officers shall keep confidential documents and information received during their term of office.

6.Social Responsibility

As part of its sustainable development strategy, the social responsibility policy aims to continuously increase the company's responsibility towards employees, shareholders, partners, the community and the environment.

PREFAB SA - the parent company is constantly identifying people who may be interested in its activities, recognizing their legal rights and encouraging their cooperation with the Company, in order to create prosperity, jobs and to ensure the sustainability of a financially sound enterprise. Social Responsibility is the management process, an integral part of the Company's business strategy, through which PREFAB SA wishes to contribute to the development of a sustainable and successful Romanian society.

The company is committed to solving the social problems of its employees and the community in which it operates and takes society's interests into account. PREFAB SA's vision is to promote national values such as innovation, team spirit, respect for diversity and commitment. The Company's choice has been its involvement in education, sports, arts and culture, humanitarianactions and society development.

The employees of the Company elected the Delegate of the Employees' Council, in the person of the President of the Company's Trade Union - Bajenaru Tony who represents them at the AGM and Board meetings. The conditions for the participation of the employees through a representative in the decision-making process are ensured.

The Group's employees are included in professional training and retraining programmes, and attend refresher courses.

The parent company has had a voluntary pension scheme since April 2008 for employees with at least one year's service with the company and aged between 18 and 52. The contribution is paid by the employer, up to the limit of 200 euro/year, according to the Tax Code. The contracts concluded by the employees are for the NN Optim Voluntary Pension Fund administered by NN Asigurari de vida SA.

The company respects its commitments to employees, creditors, suppliers, customers, investors. (stakeholders).

Attached to this report are the Consolidated Financial Statements as at 31.12.2023.

7. Signatures

Chairman of the Board of Directors,

Ing. Milut Petre Marian

Annex to the Corporate Governance Statement

Provisions of the Corporate Governance Code	Complies	Does not comply or partially complies	Reasons for non-compliance and measures envisaged for compliance
Section A-Responsibilities			
A.1. All companies must have a Board charter that includes the terms of reference/responsibilities of the Board and the key management functions of the company, and that applies, inter alia, the General Principles in Section A.	X		
A.2. Provisions for the management of conflicts of interest should be included in the Council Regulation. In any event, Council members must notify the Council of any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by not attending, unless not attending would prevent the formation of a quorum) and from voting on a resolution on the matter giving rise to the conflict of interest in question.	X		
A.3. The Management Board or Supervisory Board shall consist of at least five members.		X	The current Board consists of 3 members, as stated in the company's articles of association. The change in the number of members of the Board can only be made with the approval of the AGM and amendment of the articles of association.
A.4. The majority of the members of the Board of Directors must be non-executive. At least one member of the Management Board or Supervisory Board must be independent in the case of Standard Category companies (...)Criteria:	X		
A.5. Other relatively permanent professional commitments and duties of a Board member, including executive and non-executive positions on the boards of not-for-profit companies and institutions, must be disclosed to shareholders and potential investors prior to appointment and during his or her term of office	X		
A.6. Any member of the Board shall disclose to the Board information concerning any relationship with a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights. This obligation relates to any relationship that may affect the member's position on matters decided by the Board.	X		

A.7. The Company shall appoint a Secretary to the Board responsible for supporting the work of the Board	X		
A.8. The corporate governance statement shall disclose whether a Board evaluation has taken place under the leadership of the Chairman or the nominating committee and, if so, shall summarise the key actions and changes resulting from it. The Company should have a Board evaluation policy/guideline covering the purpose, criteria and frequency of the evaluation process.	X		
A.9. The corporate governance statement should contain information on the number of Board and committee meetings held during the past year, the attendance of directors (in person and in absentia) and a report of the Board and committees on their activities.	X		Information on the number of Board meetings has been mentioned in the annual reports of the Board of Directors, which totalled 12 in 2023. This requirement is included in the A nual Report. The number of committee meetings in 2023 was 6 times .
A.10. The corporate governance statement must include information on the exact number of independent members of the Management Board or Supervisory Board.	X		
Section B - Risk management system and internal control			
B.1 The Board shall establish an audit committee of which at least one member shall be an independent non-executive director. A majority of the members, including the chairman, must have demonstrated that they have appropriate qualifications relevant to the committee's functions and responsibilities. At least one member of the audit committee must have proven and appropriate audit or accounting experience.	X		
B.2. The chairperson of the audit committee shall be an independent non-executive member.	X		
B.3. As part of its responsibilities, the audit committee shall carry out an annual assessment of the internal control system.	X		
B.4. The assessment should consider the effectiveness and comprehensiveness of the internal audit function, the adequacy of risk management and internal control reports presented to the Board's audit committee, the timeliness and effectiveness with which executive management addresses deficiencies or weaknesses identified through internal control, and the presentation of relevant reports to the Board.	X		
B.5. The audit committee shall evaluate			

conflicts of interest in relation to the company's and its subsidiaries' transactions with related parties.	X		
B.6. The Audit Committee shall evaluate the effectiveness of the internal control system and the risk management system.	X		
B.7. The Audit Committee shall monitor the application of legal standards and generally accepted internal auditing standards. The Audit Committee shall receive and evaluate reports from the internal audit team.	X		
B.8. Whenever the Code mentions reports or reviews initiated by the Audit Committee, these must be followed by regular (at least annual) or ad hoc reports to be submitted subsequently to the Council.	X		
B.9. No shareholder may be given preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	X		
B.10. The Board shall adopt a policy to ensure that any transaction of the Company with any of its closely related companies whose value equals or exceeds 5% of the Company's net assets (as per the latest financial report) is approved by the Board following a binding opinion of the Board's audit committee and properly disclosed to shareholders and potential investors, to the extent that such transactions fall within the category of events subject to reporting requirements.	X		Such transactions are approved by the Board following an opinion of the Board's audit committee and properly disclosed to shareholders and potential investors, to the extent that such transactions fall within the category of events subject to reporting requirements, but without the adoption of a procedure to do so.
B.11. Internal audits must be carried out by a structurally separate division (internal audit department) within the company or by engaging an independent third party.	X		
B.12. In order to ensure that the internal audit department fulfils its core functions, it shall report functionally to the Board through the audit committee. For administrative purposes and as part of management's obligations to monitor and mitigate risk, it should report directly to the Chief Executive Officer.	X		
Section C- Fair reward and motivation			
C.1. The company shall publish on its website the remuneration policy and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review.(...)	X		
Section D- Adding value through investor relations			
D.1. The company must organise an			

Investor Relations department - indicating to the general public the person(s) responsible or the organisational unit. In addition to the information required by law, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:	X		
D.1.1 Main corporate regulations: articles of association, procedures for general meetings of shareholders;	X		OBS. The procedures for general meetings are included in the articles of association. The convocations of the general meetings of the shareholders were made in accordance with the legal provisions and the articles of association, where there are provisions on the powers, convocation, organization and exercise of voting rights.
D.1.2. professional CVs of members of the company's governing bodies, other professional commitments of Board members, including executive and non-executive positions on boards of companies or non-profit institutions;	X		
D.1.3. Current reports and periodic reports (quarterly, half-yearly and annual) - at least those referred to in point D.8 - including current reports with detailed information on non-compliance with this Code;	X		
D.1.4 Information on general meetings of shareholders: agenda and information materials; procedure for the election of Board members; arguments supporting the proposals of candidates for election to the Board, together with their professional CVs; shareholders' questions on agenda items and the company's replies, including resolutions adopted;	X		
D.1.5 Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events leading to the vesting or limitation of a shareholder's rights, including deadlines and principles applied to such transactions. Such information will be disclosed within a timeframe that enables investors to make investment decisions;	X		
D.1.6 Name and contact details of a person who will be able to provide relevant information on request;	X		
D.1.7 Company presentations (e.g. investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual), audit	X		

reports and annual reports.			
D.2. The Company shall have a policy on the annual distribution of dividends or other benefits to shareholders, proposed by the Chief Executive Officer or the Board of Directors and adopted by the Board, in the form of a set of guidelines that the Company intends to follow with respect to the distribution of net income. The principles of the annual shareholder distribution policy will be published on the Company's website.	X		
D.3. The Company will adopt a policy in relation to forecasts, whether or not they are made public. Forecasts refer to quantified conclusions of studies aimed at determining the overall impact of a number of factors over a future period (so-called assumptions): by its nature, this projection has a high level of uncertainty, and actual results may differ significantly from the forecasts initially presented. The forecasting policy will determine the frequency, the period considered and the content of the forecasts. If published, forecasts may only be included in annual, half-yearly or quarterly reports. The forecast policy will be published on the company's website.		Partially respects	The forecasts were provided annually in the analyses underlying the revenue and expenditure budget and the investment programme. The forecasting policy will be published on the website.
D.4. The rules of general meetings of shareholders shall not limit the participation of shareholders in general meetings and the exercise of their rights. Amendments to the rules shall enter into force at the earliest with effect from the next shareholders' meeting.	X		
D.5. The external auditors shall be present at the general meeting of shareholders when their reports are presented at such meetings.	X		
D.6. The Board shall present to the annual general meeting of shareholders a brief assessment of the internal control and significant risk management systems, as well as opinions on matters to be decided by the general meeting.	X		
D.7. Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting upon prior invitation by the Board. Accredited journalists may also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	X		
D.8. Quarterly and half-yearly financial reports shall include information in both Romanian and English on the key factors influencing changes in the level	X		

of sales, operating profit, net profit and other relevant financial indicators, both quarter-on-quarter and year-on-year.			
D.9. A company shall hold at least two meetings/teleconferences with analysts and investors each year. The information presented on these occasions will be published in the investor relations section of the company's website on the date of the meetings/teleconferences.		Partially respects	The company holds such meetings, but the information presented will be published on the website.
D.10. If a company supports various forms of artistic and cultural expression, sports activities, educational or scientific activities and considers that their impact on the innovative character and competitiveness of society is part of its mission and development strategy, it will publish a policy on its activity in this field.		Partially respects	The social responsibility projects in which the company is involved have been mentioned in the annual reports of the Board of Directors. A policy on the company's work in this area will be published on the website.

Signatures

Chairman of the Board of Directors,

Ing. Milut Petre Marian

Statement of the Board of Directors
to PREFAB SA

The Board of Directors of PREFAB SA hereby declares that it assumes responsibility for the preparation of the Consolidated Annual Financial Statements as at 31 December 2023.

The Board of Directors of PREFAB SA confirms the following with regard to the Consolidated Annual Financial Statements as at 31 December 2023:

a) The Consolidated Annual Financial Statements 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 Consolidated Annual Financial Statements comply with applicable accounting regulations.

b) The Consolidated Annual Financial Statements give a true and fair view of the financial position, financial performance and other information relating to the business.

a) The Group operates on a continuous basis.

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

Chairman of the Board of Directors,

Ing. Milut Petre Marian

SUMMARY Page

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2022	31 December 2023
Tangible fixed assets	5	201.890.086	204.615.410
Intangible assets	4	31.840	4.585
Real estate investment	6	0	0
Investments in other entities	7	300	300
Biological actives		6.049	5.014
Rights to use leased assets		0	782.579
TOTAL FIXED ASSETS		**201.928.275**	**205.407.888**
Stocks	9	22.529.006	22.414.179
Trade and other receivables	8	38.363.550	36.419.911
Cash and cash equivalents	10	1.673.202	639.633
Other assets (prepaid expenses)		381.290	289.316
TOTAL CURRENT ASSETS		**62.947.048**	**59.763.039**
1.TOTAL ACTIVE		**264.875.323**	**265.170.927**
Share capital	11	24.266.709	24.266.709
Adjustments to share capital		0	0
Other equity items		(459.609)	(453.897)
Capital premium	12	14.305.342	14.305.342
Revaluation reserves	12	117.173.624	117.173.624
Book	12	49.808.226	52.312.590
Conversion reserves	12	0	0
Retained earnings except those arising from the first-time adoption of IAS 29	13	9.579.053	9.588.755
Profit at the end of the reporting period	14	7.766.331	916.523
Profit sharing	14	(449.833)	(62.769)
2.TOTAL EQUITY		**221.989.843**	**218.046.877**
Long-term loans	19	4.328.188	4.282.295
Deferred income tax debt	21	459.610	791.683
TOTAL LONG-TERM DEBT		**4.787.798**	**5.073.978**
Trade and other payables	20	9.428.519	11.236.066
Short-term loans	18	22.806.559	23.169.040
Other debts	20	2.360.949	4.518.682
TOTAL SHORT-TERM DEBT		**34.596.027**	**38.923.788**
Investment grants, of which:	22	**3.508.712**	**3.121.466**
- current part		504.795	544.462
- over one year		3.003.917	2.577.004
TOTAL LIABILITIES		**264.882.380**	**265.166.109**
4. MINORITY INTEREST		**(7.057)**	**4.818**

The notes to the financial statements form an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 14.03.2024 and were signed by:

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

Economic Director,
Ec. Boitan Daniela

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ending 31.12.2023

		Note	31 December 2022	31 December 2023
1.	Income from sales	23	98.658.501	115.427.395
2.	Cost of sales	24	83.859.726	104.933.995
3.	**Gross margin**		**14.798.775**	**10.493.400**
4.	Other operating income	23	3.991.127	10.240.755
5.	Distribution expenses	-	4.025.299	4.615.829
6.	Administrative expenditure	-	1.610.120	5.640.810
7.	Other operating expenditure	24	2.415.179	7.078.364
8.	**Operating result**		**10.739.304**	**3.399.152**
9.	Financial income	25	140.671	147.980
10	Financial expenses	26	1.757.021	2.159.193
11.	**Financial result**		**(1.616.350)**	**(2.011.213)**
12.	**PROFIT FROM ORDINARY ACTIVITIES**		9.122.954	1.387.939
13.	Income tax expense	27	1.356.613	471.400
14.	**Net profit for the period**	**27**	**7.766.341**	**916.539**
	Allocable to parent company		**7.766.331**	**916.523**
	Disclosable to non-controlling interests		**10**	**16**
15.	**Items not to be reclassified to the profit and loss statement, total, of which**		**0**	**0**
16.	-increases/decreases in the revaluation reserve for tangible fixed assets		0	0
17.	-Tax on other comprehensive income		0	0
18.	**Items to be reclassified to the profit and loss statement, total, of which**	12	0	0
18.	- increases/decreases in reserves from conversion		0	0
19.	**Total comprehensive income for the period**		**7.766.341**	**916.539**

The notes to the financial statements form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 14.03.2024 and were signed by:

Chairman of the Board of Directors,

Ing. Milut Petre Marian

Economic Director,

Ec. Boitan Daniela

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other equity items	Capital premium	Book	Retained and current result	Non-controlling interests	Conversion reserves	Total
01 January 2022	**24.266.709**	**(465.321)**	**14.305.342**	**162.485.743**	**20.687.492**	**(7.067)**	**6.394**	**221.279.292**
Overall result					7.766.331			7.766.331
Legal reserve allocations				449.833	(449.833)			0
Allocations other reserves				4.046.274	(4.046.274)			0
Increases/decreases in the revaluation reserve for fixed assets		5.712		0				5.712
Dividend distribution					(6.988.812)			(6.988.812)
Transfer revaluation reserve to retained earnings				0	0			0
Increases / reductions in retained earnings					(73.353)			(73.353)
Increases / reductions in conversion reserves							(6.394)	(6.394)
Increases/decreases Minority interests						10		10
31 December 2022	**24.266.709**	**(459.609)**	**14.305.342**	**166.981.850**	**16.895.551**	**(7.057)**	**0**	**221.982.786**

	Share capital	Other equity items	Capital premium	Book	Retained and current result	Non-controlling interests	Conversion reserves	Total
01 January 2023	**24.266.709**	**(459.609)**	**14.305.342**	**166.981.850**	**16.895.551**	**(7.057)**	**0**	**221.982.786**
Overall result					916.523			916.523
Legal reserve allocations				62.769	(62.769)			0
Allocations other reserves				2.441.595	(2.453.454)	11.859		0
Increases/decreases in the revaluation reserve for fixed assets		5.712		0				5.712
Dividend distribution					(4.853.342)			(4.853.342)
Transfer revaluation reserve to retained earnings				0	0			0
Increases / reductions in retained earnings					0			0
Increases / reductions in conversion reserves							0	0
Increases/decreases Minority interests						16		16
31 December 2023	**24.266.709**	**(453.897)**	**14.305.342**	**169.486.214**	**10.442.509**	**4.818**	**0**	**221.051.695**

The notes to the financial statements form an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 14.03.2024 and were signed by:

Chairman of the Board of Directors, Economic Director,

Ing. Milut Petre Marian **Ec. Boitan Daniela**

STATEMENT OF CASH FLOWS for the GROUP
Indirect method

Item name	31.12.2022	31.12.2023
Cash flows from operating activities:		
Net profit before tax	9.122.954	1.387.939
Adjustments for:		
Depreciation and value adjustments related to tangible and intangible fixed assets	9.460.124	9.556.895
Value adjustments reversed during the year	0	0
Subsidies - variation	-504.795	-387.246
Interest and other financial charges	1.757.021	2.159.193
Interest and other financial income	-140.671	-147.980
Loss/(profit) on sale of tangible fixed assets	-3.020.000	-3.361
Income tax paid	-1.356.613	-471.400
Operating profit before changes in working capital	**15.318.020**	**12.094.040**
Decrease/increase in trade and other receivables	21.281	1.943.639
Decrease/increase in stocks	1.547.046	114.827
Decrease/increase in trade and other debts	-14.110.620	-2.025.499
Net cash from operating activities	**2.775.727**	**12.127.006**
Cash flows from investing activities:		
Payments for the acquisition of tangible and intangible fixed assets	-2.003.839	-9.383.384
Proceeds from the sale of tangible and intangible fixed assets	3.020.000	3.361
Interest received	140.671	147.980
Net cash from investing activities	**1.156.832**	**-9.232.043**
Cash flows from financing activities:		
Loans received	64.912.816	62.991.457
Loan repayments	-59.099.404	-62.674.869
Interest paid	-1.757.021	-2.159.193
Dividend payments	-6.988.812	-2.085.928
Net cash flow from financing activities	**-2.932.420**	**-3.928.532**
Cash increase/decrease in cash and cash equivalents	**1.000.138**	**-1.033.569**
Cash and cash equivalents at the beginning of the financial year	**673.064**	**1.673.202**
Cash and cash equivalents at the end of the financial year	**1.673.202**	**639.633**

The notes to the financial statements form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 14.03.2024 and were signed by:

Chairman of the Board of Directors,	Economic Director,
Ing. Milut Petre Marian	**Ec. Boitan Daniela**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ending 31 December 2023

1. Group Information

PREFAB SA, the parent company, is a joint-stock company established in 1990, with registered office in Bucharest, address: 17-19 Dr. Iacob Felix Street, sector 1, Bucharest, Romania. The parent company is registered at the Trade Register under number J40/9212/04.07.2003. The company's shares are listed at the Bucharest Stock Exchange since July 05, 2010, Standard category.

The Group's core business
The main activity of PREFAB SA, implicitly of the group, is the production and marketing of precast concrete products for the building materials industry: standard and non-standard precast elements, pre-compressed reinforced concrete pressure tubes of various diameters, autoclaved aerated concrete; secondary: execution of metal fabrications, execution of construction works, assembly, production of electricity and thermal energy in high efficiency cogeneration system, execution of wood and PVC joinery, cargo transport, extraction and sorting of mineral aggregates from the Danube riverbed.

General presentation of the entities in which PREFAB SA owns shares or shares:
As of 31.12.2023 PREFAB SA holds shares in the amount of 149,850 lei and a 99.9% stake in the share capital of PREFAB INVEST SA Bucharest. This holding is materialized in a number of 3,996 shares with a nominal value of 37.5 lei per share and confers control over the entity, according to the percentage of shareholding in the share capital of this company. The shares have been recorded at their effective cost.
The consolidated annual financial statements are presented by PREFAB SA as parent company for the financial year ending 31.12.2023. These consolidated financial statements incorporate the results of **PREFAB SA** and the results of its subsidiaries, together referred to as the Group, namely:

- **PREFAB INVEST SA**, a company established on 10.05.2000, with registered office in Bucharest, address: Dr. Iacob Felix Street, nr. 17-19, sector 1, Bucharest, Romania. The share capital of PREFAB INVEST SA is 150,000 lei, consisting of 4,000 shares at a nominal value of 37.5 lei/share, and the percentage held by PREFAB SA is 99.9%.
  PREFAB INVEST SA is mainly involved in the marketing of autoclaved aerated concrete ACC, through a national distribution network to various customers.
  It should be mentioned that the shares of this company are not traded on the stock market.

The parent company has not issued bonds or other debt securities.

As of 31.12.2023, PREFAB SA, the parent company, has only one operating office, namely:
1. Calarasi Operating Office, Bucuresti str., nr. 396, jud. Calarasi

Shareholding structure of PREFAB SA, the parent company, on 31.12.2023:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	33.870.172	69.7873
CELCO SA CONSTANTA	12.795.000	26.3633
OTHER SHAREHOLDERS - LEGAL ENTITIES	79.912	0.1647
OTHER SHAREHOLDERS - INDIVIDUALS	1.788.335	3.6847
TOTAL	**48.533.419**	**100.0000**

2. THE BASICS OF DRAFTING

2.1. Declaration of conformity

The financial statements of PREFAB Group are prepared in accordance with the provisions of OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with subsequent amendments and clarifications, being available at the Company's Working Point located at 396 Bucuresti Street, Calarasi.
These provisions correspond to the requirements of the International Financial Reporting Standards adopted by the European Union.

The consolidated financial statements comprise the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the explanatory notes.

The Group has presented consolidated financial statements prepared in accordance with IFRS as endorsed by the European Union from the financial year 2011.
The consolidated financial statements prepared for the financial year 2012 included adjustments to the consolidated financial statements for the financial year 2011 (for 31.12.2011 and 01.01.2011) mainly due to changes in the presentation of the components of the financial statements, reclassifications of some items, and the application of IAS 29 "Financial Reporting in Hyperinflationary Economies".

In the first set of IFRS financial statements, the Group has applied IAS 29 Financial Reporting in Hyperinflationary Economies, adjusting the historical cost of share capital, legal reserves and other reserves from net profit for inflation up to 31 December 2003.
Since 01.01.2016 the parent company has implemented a new computer system for recording operations in the financial accounting records, preparing reports provided for in the Accounting Law no. 82/1991 and other accounting regulations applicable to the entity.

Consolidation of subsidiaries

The financial statements of the subsidiary Prefab Invest SA are prepared as at 31 December 2023, the same reporting date as the parent company. The consolidated financial statements comprise the financial statements of Prefab SA and its subsidiaries ("the Group") as at 31 December 2023 and are prepared on the basis of uniform accounting principles and policies.
The valuation of assets and liabilities of subsidiaries is based on the fair value at the date of acquisition. Goodwill arising at the date of acquisition is recognised as an asset, representing the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised in the income statement.
Minority interests, which entitle the holders to a proportionate share of the net assets in the event of liquidation of the company, may be measured initially either at fair value or at an amount that reflects the minority's share of the fair value of the identifiable net assets recognised. The choice of recognition method is made separately for each transaction. Goodwill is recognised as an asset and is tested for impairment at least annually. Impairment losses on goodwill are recognised immediately in profit or loss for the period and are not reversed in subsequent periods.
Minority interest is that part of the profit or loss and net assets of a subsidiary that is not owned by the Group and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity of the parent shareholders.
The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition to the

effective date of disposal. Where appropriate, the financial statements of subsidiaries are adjusted to align their accounting policies with those of the Group. All transactions, balances, income and expenses within the Group are eliminated in full on consolidation.
The Group does not hold securities in associated entities or interests in joint ventures.

Basis of evaluation

The consolidated financial statements are presented in LEI ("Romanian Leu"), have been prepared on the historical cost basis, except for the revaluation of certain fixed assets and financial instruments which are measured at fair value.
The consolidated financial statements have been prepared using going concern principles.

2.3. Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the economic environment in which the entity operates ("functional currency"), i.e. the leu. The financial statements are presented in lei, which is the Parent Company's functional and presentation currency, with amounts rounded to the nearest thousand.
According to the Order of the Minister of Public Finance no.2844/2016 for the approval of the Regulations in accordance with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, Chapter I, item 4 "**Accounting shall be kept in Romanian and in national currency**. Currency means a currency other than the leu. The consolidated annual financial statements shall be drawn up in Romanian and in national currency."
Transactions denominated in foreign currency are recorded in lei at the official exchange rate on the settlement date. Monetary assets and liabilities denominated in foreign currency at the date of the statement of financial position are expressed in lei at the exchange rate on that day. Gains or losses on their settlement and on the translation of monetary assets and liabilities denominated in foreign currency using the exchange rate at the end of the financial year are recognised in profit or loss for the year. Non-monetary assets and liabilities that are valued at historical cost in foreign currency are recorded in lei at the exchange rate at the date of the transaction.
For the valuation at the end of each reporting period of items denominated in foreign currency, the exchange rate of the foreign exchange market, communicated by the National Bank of Romania on the last banking day of the month in question, is used.

The exchange rates of the main currencies were as follows:

CURRENCY	**Course 31 Dec 2022**	**Course 31 Dec 2023**
EUR	4.9474	4.9746
USD	4.6346	4.4958

2.4. Use of professional estimates and reasoning

The preparation of consolidated financial statements in conformity with IFRS as adopted by the European Union requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated judgements are based on historical data and other factors considered to be relevant in the circumstances, and the outcome of these factors forms the basis of judgements used in determining the carrying amount of assets and liabilities for which no other sources of valuation are available. Actual results may differ from estimated values.
Estimates and judgements are reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the current period and future periods, if the revision affects both the current and future periods. The effect of the change

relating to the current period is recognised as income or expense in the current period. If any, the effect on future periods is recognised as income or expense in those future periods.
The Group's management believes that any deviation from these estimates will not have a material impact on the consolidated financial statements in the foreseeable future.
Estimates and assumptions are used in particular for depreciation adjustments of fixed assets, securities held and valued at cost, estimation of the useful life of a depreciable asset, for impairment adjustment of receivables, for provisions; for recognition of deferred tax assets.
In accordance with IAS 36, both intangible assets and property, plant and equipment are analysed for indications of impairment at the balance sheet date. Impairment losses are recognised to reduce the net carrying amount of the asset concerned to its recoverable amount. If the reasons for recognising the impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased to the level of the net carrying amount that would have been determined if no impairment loss had been recognised.
The assessment for impairment of receivables is made on an individual basis and is based on management's best estimate of the present value of the cash flows expected to be received. The Group reviews its trade and other receivables at each financial position date to assess whether an impairment charge should be recognised in the income statement. In particular management's professional judgement is required in estimating the value and coordinating future cash flows when determining the impairment loss. These estimates are based on assumptions about several factors, and actual results may differ, leading to future changes in adjustments.

Deferred tax assets are recognised for tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. The exercise of professional judgement is required to determine the amount of deferred tax assets that can be recognised, based on the probability of the timing and level of future taxable profits and future tax planning strategies.

Fair value

Under IFRS 13 'Fair Value Measurement' a fair value hierarchy is established, which classifies the inputs to the valuation techniques used to measure fair value into three levels:
- Level 1 inputs - are quoted prices (unadjusted) in active markets for identical assets and liabilities to which the entity has access at the measurement date. These data provide the most reliable evidence of fair value and should be used whenever available;
-Level 2 inputs - are inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability (e.g. quoted prices for identical or similar assets or liabilities in markets that are not active);
- Level 3 inputs - are unobservable inputs for asset or liability. The group must develop unobservable inputs based on the best information available in the given circumstances which may include the company's own data.

3. ACCOUNTING PRINCIPLES, POLICIES AND METHODS.

According to IFRS - International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors", *accounting policies* are the specific principles, bases, conventions, rules, and practices applied by an entity in the preparation and presentation of financial statements.
The Group has selected and applies its accounting policies consistently for similar transactions, other events and conditions, unless a standard or interpretation specifically requires or permits the classification of items for which different accounting policies may be appropriate. If a standard or an interpretation requires or permits such classification, an appropriate accounting policy shall be selected and applied consistently to each category.
The group changes an accounting policy only if the change:
- is required by a standard or interpretation; or

- results in financial statements that provide reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

We present a summary of significant accounting policies that have been consistently applied for all periods presented in the financial statements:

3.1.Intangible fixed assets and tangible fixed assets; investment property;

3.1.Intangible assets acquired by the Group are initially measured at acquisition cost and stated at cost less accumulated amortization and accumulated impairment loss.
The Group has chosen as its accounting policy for the measurement of intangible assets after initial recognition the cost model. The useful life for this group of assets is between 3 and 5 years. The Group has opted to use the straight-line method of amortisation for intangible assets.

To determine whether an intangible asset measured at cost is impaired, the Group applies IAS 36 'Impairment of Assets'. An impairment loss shall be recognised immediately in profit or loss.

For the purpose of presentation in the income statement, gains or losses arising on the cessation of use or disposal of an intangible asset are determined as the difference between the proceeds on disposal of the asset and its unamortised amount, including expenses incurred on derecognition, and shall be presented net in the income statement in accordance with IAS 38 'Intangible Assets'.

3.1.2 Property, plant and equipment are initially recognised at cost of acquisition or construction and are stated net of accumulated depreciation and accumulated impairment losses.
The cost of tangible fixed assets purchased is represented by the value of the consideration paid for the acquisition of those assets as well as the value of other costs directly attributable to bringing the assets to the location and condition necessary for them to operate in the manner intended by management. The cost of self-constructed assets includes labour costs, materials, indirect production costs and other costs directly attributable to bringing the assets to their present location and condition.

The Group has elected to use the **revaluation model** for the measurement of property, plant and equipment after initial recognition. Under the revaluation model, an item of property, plant and equipment whose fair value can be measured reliably should be carried at revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.
Revaluations should be made with sufficient regularity to ensure that the carrying amount is not materially different from what would have been determined using fair value at the end of the reporting period.
The fair value of land and buildings is generally determined on the basis of market evidence through an appraisal by qualified professional valuers.
The fair value of items of property, plant and equipment is generally their market value determined by valuation.
The frequency of revaluations depends on changes in the fair value of the revalued property, plant and equipment. If the fair value of an asset differs significantly from the carrying amount, a new revaluation is required.
When an item of property, plant and equipment is revalued, any accumulated depreciation at the revaluation date is treated by the company as follows: it is restated in proportion to the change in the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount.
Therefore, the frequency of revaluations depends on changes in the fair value of property, plant and equipment. If the fair value of a revalued item of property, plant and equipment at the balance sheet date differs significantly from its carrying amount, a further revaluation is required. Where fair values are volatile, as may be the case for land and buildings, frequent revaluations may be necessary. Where fair

values are stable over a long period of time, as may be the case with plant and machinery, valuations may be required less frequently. IAS 16 suggests that annual revaluations may be required where there are significant and volatile changes in values.
The Group has opted to revalue buildings and land at least every five years and other categories of fixed assets at least every six years.
If an item of property, plant and equipment is revalued then the entire class of property, plant and equipment to which that item belongs must be revalued.
The last revaluation was carried out on 31 December 2020 in accordance with the regulations in force, in order to determine their fair value, taking into account inflation, usefulness of the assets, their condition and market value. The results were recorded on the basis of the Technical Valuation Expert Report prepared by an authorised valuer. The increase in the book value resulting from these revaluations was debited to the revaluation reserve to the extent of the existing revaluation amounts.

The residual value of the asset and the useful life of the asset are reviewed at least at the end of the financial year.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to function in the manner intended by management.
Depreciation of an asset ceases on the earlier of the date the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date the asset is derecognised. Therefore, depreciation does not cease when the asset is not used or is retired, unless it is fully depreciated.
Land and buildings are separable assets and are accounted for separately even when acquired together.
Land owned is not depreciated.
If the cost of the land includes dismantling, removal and restoration costs, these costs are depreciated over the period in which benefits are obtained as a result of these costs.

The depreciation method used reflects the expected rate of consumption of the future economic benefits of the asset by the unit. At the end of each financial year the depreciation method is reviewed and if there is a significant change in the expected rate of consumption of future economic benefits it is changed to reflect the changed rate.
The Group has opted to use the straight-line depreciation method for all categories of fixed assets.

The residual value, useful life and depreciation method are reviewed at the date of the financial statements.
From a tax point of view, the useful lives of tangible assets at the date of these financial statements are within the limits set out in GD 2139/2004 and are estimated by management to be correct.
The depreciation calculated has the following useful lives used for the different categories of fixed assets:

Tangible fixed assets Duration (years)

Construction 8-60
Technological equipment 3-24
Measuring, controlling and regulating apparatus and installations 4-24
Means of transport 4-18
Furniture, office equipment, equipment to protect human and material assets 3-18
Depreciation policy applied by the group

In accordance with IAS 36 'Impairment of Assets', both intangible assets and property, plant and equipment are assessed for indications of impairment at the balance sheet date. For intangible assets with indefinite useful lives the impairment test is performed annually, even if there is no indication of impairment. If the net book value of an asset is greater than its recoverable amount, an impairment loss is recognised to reduce the net book value of that asset to the recoverable amount. If the reasons for

recognising the impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased to the level of the net carrying amount that would have been determined if no impairment loss had been recognised. The difference is shown as other operating income.
The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future benefits are expected from its use or disposal. The revaluation surplus included in equity relating to an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised on disposal or scrapping.
The gain or loss resulting from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised.

If items of property, plant and equipment that have been held for rental to others are repeatedly sold, these assets will be transferred to inventories at book value on the date they cease to be rented and are held for sale. Proceeds from the sale of these assets are recognised as revenue in accordance with IFRS 15 'Revenue'.

Leasing

The Group has applied IFRS 16 from 1 January 2019 without restatement of comparative amounts for the prior period presented. The Group has elected to apply the proposed exemption in the standard for leases for assets with values considered by management to be immaterial and with periods less than 1 year.

For contracts entered into from 01.01.2019 to the lease commencement date, the Group recognises lease liabilities, measured at the present value at the marginal borrowing rate of the lease payments, over the lease term. Payments include fixed payments less any incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid as residual value.
As of 31.12.2023 the parent company has a total of 8 leasing contracts, subsequently in January 2024 two more contracts were concluded. For these 10 contracts, 20 cars have been delivered under the Rabla programme.

Biological assets

Within the meaning of IAS 41 'Agriculture', an agricultural activity is the management by a company of the biological processing and harvesting of biological assets for sale or for transformation into agricultural products or additional biological assets. A biological asset is a living animal or a living plant. At initial recognition of a biological asset, market-determined prices or values may not be available and alternative estimates of fair value may be unreliable. In this case, in accordance with paragraph 30 of IAS 41 the asset in question shall be measured at cost less any accumulated depreciation and any accumulated impairment losses.
The parent company has set up an agricultural sector that operates according to resources and needs, and the production obtained is destined for internal consumption directed to the company's canteen.

Two of the three existing vegetable greenhouses have been modernised through the SAPARD programme. The free spaces in the premises of the mother company are cultivated according to the needs with vegetables and grape vines, the production will be destined for internal consumption.
The Group has recognised under biological assets vineyards valued at cost less depreciation, based on the above provisions, and once the fair value can be reliably measured it is presented at this value less costs to sell.
The amortisation period is 24 years. All the difference from the revaluation of the asset reclassified in this category has been transferred to retained earnings from the transition to IFRS.

Financial assets

PREFAB Group applies IFRS 9 "Financial Instruments" which uses the entity's business model and the cash flow characteristics of the financial asset under the contract to classify financial assets.

The classification of financial assets under IFRS 9 "Financial Instruments:" is as follows:

1) financial asset measured at amortised cost if both of the following conditions are met:

- Financial Assets are held within a business model whose objective is to hold Financial Assets to collect contractual cash flows;
- the contractual terms of the financial asset generate, at certain dates, cash flows that are exclusively payments of principal and interest related to the principal amount due.

2) financial asset measured at fair value through other comprehensive income if both of the following conditions are met

- financial assets are held within a business model whose objective is to achieve both by collecting contractual cash flows and selling financial assets;
- contractual terms of the financial asset generate, at certain dates, cash flows that are exclusively payments of principal and interest on the principal amount due.

3) a financial asset measured at fair value through profit or loss unless it is measured at amortised cost in accordance with paragraph 1 or at fair value through other comprehensive income in accordance with paragraph 2

With the exception of trade receivables that are within the scope of IFRS 15, a financial asset or financial liability is initially measured at fair value, and in the case of a financial asset or financial liability that is not at fair value through profit or loss, add or subtract transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, subsequent measurement of financial assets is at: amortised cost; fair value through other comprehensive income; or fair value through profit or loss.

Financial assets comprise shares held in subsidiaries, associates and jointly controlled entities, loans granted to these entities, other investments held as fixed assets and other borrowings.

PREFAB SA presents investments in subsidiaries at cost. If applicable, it records depreciation through the profit and loss account at the end of the financial year.

Investments in affiliated entities

Subsidiaries are entities under the control of the company

IFRS 10 - Consolidated Financial Statements defines the principle of control and establishes control as the basis for consolidation. IFRS 10 sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate that entity.

An investor controls an investee if and only if the investor wholly owns the following:

a) authority over the investee;

b) exposure or variable income rights on the basis of its participation in investees;

c) the ability to use its authority over the investee to influence the value of the investor's returns

For the preparation of consolidated financial statements, the financial statements of the parent company and its subsidiaries are combined item by item by adding together similar items of assets, liabilities, equity, income and expenses. In order for the consolidated financial statements to present financial information about the group as a single entity, the following steps are taken:

(a) The book value of the investment made by the parent company in each subsidiary and the share of each subsidiary's capital are eliminated;

(b) non-controlling interests in the profit or loss of consolidated subsidiaries for the reporting period are identified; and

(c) non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the equity of the parent's equity interests. Non-controlling interests in net assets consist of:

   - the value of those interests not controlling at the date of the initial combination;
   - non-controlling interests' share of changes in equity since the combination date

Intra-group balances, transactions, sales and expenses must be eliminated entirely.

3.5. Interest on loans

Interest on loans that are directly attributable to the acquisition, construction or production of a long-lived asset is capitalised until the asset is ready for its intended use or sale. All other borrowing costs are recognised as an expense in the income statement in the period in which they arise.

3.6. Government subsidies

In accordance with IAS 20, government grants are recognised only when there is sufficient certainty that all the conditions attached to their award will be met and that the grants will be received. Grants that meet these criteria are presented as other liabilities and are recognised on a systematic basis in the income statement over the useful life of the assets to which they relate.

3.7. Stocks

In accordance with IAS 2 'Inventories', these assets are:

-detention for resale in the normal course of business

-in production for such sale or

-in the form of materials and other consumables to be used in the production process or for the provision of services

Inventories are stated at the lower of cost and net realisable value. Net realisable value is estimated on the basis of the selling price of the normal activity less estimated costs to complete and sell. Provisions are made for damaged or slow-moving stocks based on management estimates. The assessment for impairment of inventories is made on an individual basis and is based on management's best estimate of the present value of cash flows expected to be received. In estimating these cash flows, management makes certain estimates of the useful value of the inventory, taking into account the expiration date, the possibility of use in the Company's current business and other factors specific to each category of inventory.

The establishment and reversal of adjustments for impairment of costs are made to the profit and loss account.
The Group uses the **weighted average cost method determined at the end of each month** to determine the cost of materials supplied.

3.8. Receivables and similar assets

For the purposes of presentation in the annual financial statements, receivables are valued at their probable collectible amount.
When it is estimated that a receivable will not be collected in full, an allowance for impairment is recorded in the accounts for the amount that cannot be recovered. Objective evidence that financial assets are impaired may include: non-fulfilment of payment obligations by a debtor, restructuring of an amount due to the company on terms that the group would not otherwise accept, indications that a debtor is about to enter bankruptcy, disappearance of active markets for an instrument. All receivables that are individually significant are tested for impairment at the level of each asset. Losses are recognised in the profit and loss account and are reflected in a receivables adjustment account. Impairment losses recognised in prior periods are assessed at each reporting date to determine whether there is evidence that the loss has been reduced or no longer exists. An impairment loss is reversed if there has been no change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount of the asset that could have been determined if no impairment had been recognised.
The derecognition of receivables occurs as a result of their collection or assignment to a third party. Current receivables may also be derecognised by mutual offsetting of receivables and payables between third parties, in compliance with the legal provisions.

The derecognition of receivables for which collection deadlines are prescribed is carried out after the group obtains documents proving that all legal steps have been taken for their settlement with the approval of the Board of Directors. Off-balance sheet receivables are recorded in the off-balance sheet accounts and are followed up for collection.

Cash and cash equivalents

In terms of the Cash Flow Statement, cash is taken to be cash in hand and in current bank accounts. Cash equivalents are highly liquid deposits and investments with maturities of less than three months.

3.10. Debts

A liability is a present obligation of the Group that arises from past events and the settlement of which is expected to result in an outflow of resources embodying economic benefits.
A liability is recognised in the accounts and presented in the financial statements when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation (probability) and when the amount at which this settlement will occur can be measured reliably (credibility).

A distinction must be made between short-term debt and long-term debt.

Current debts are those debts that must be paid within a period of up to one year.
A debt should be classified as short-term debt, also called current debt, when:

a) is expected to be settled in the normal course of the company's operating cycle; or
b) held primarily for trading purposes;
c) is due within 12 months of the balance sheet date;
d) the group does not have an unconditional right to defer payment of the debt for at least 12 months from the balance sheet date.

All other debts must be classified as ***long-term debts****, even if they are to be settled within 12 months of the balance sheet date, if:*

- *the initial term was for a period longer than 12 months;*
- *The Group intends to refinance the long-term bond; and*

The intention is supported by a refinancing or rescheduling agreement, which is finalised before the financial statements are approved for publication.
Liabilities are stated at amortised cost, except for derivatives which are stated at fair value.
Long-term liabilities are discounted using the effective interest method. The discount rate used for this purpose is the rate in force at the end of the year for instruments representing debts with similar maturities. The carrying amount of other liabilities is their fair value as they are generally short term maturities.
The Group recognises a liability when contractual obligations are discharged or are cancelled or expire.
If goods and services provided in connection with current activities have not been invoiced, but if delivery has been made and their value is available, the obligation is recorded as a liability (not as a provision).

Dividends due are recorded in retained earnings and, after approval by the General Meeting of Shareholders, are reflected in account 457 "Dividends payable".

3.11. Income tax including deferred tax

Income tax for the year comprises current tax and deferred tax.
Income tax is recognised in the statement of comprehensive income or in other comprehensive income if the tax relates to items recognised in equity.

3.11.1. Current income tax

The current tax payable is based on the taxable profit for the year. Taxable profit is different from the profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and also excludes items that will never become taxable or deductible. The Group's current income tax liability is calculated using tax rates that have been provided for by law or in a bill at year-end. Currently the tax rate is 16%.

3.11.2. Deferred tax

Deferred tax is provided using the balance sheet method for temporary differences in assets and liabilities (differences between the carrying amounts shown in the company's balance sheet and their tax base). The tax loss carried forward is included in the calculation of the deferred income tax claim. The deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available in the future, after offsetting against tax losses of previous years and income tax to be recovered.
Deferred income tax claims and liabilities are set off when this right exists and when they relate to income taxes levied by the same tax authority. If the probability of realisation of the deferred income tax claim is greater than 50%, then the claim is taken into account. Otherwise a value adjustment is recorded for the deferred tax claim.

3.12. Revenue recognition

Revenue is measured in accordance with IFRS 15 - Revenue from Contracts with Customers.
The Group recognises revenue from the completion of a contract according to a unique five-step business model that is applicable to all industries and identifies the time of revenue recognition with the time of transfer of control of the asset to the customer.

Step 1.-identify the contract
Step 2.-identify the obligations of the entity provided for in the contract
Step 3.-fulfillment of enforcement obligations
Step 4.-determining the transaction price
Step 5.-allocation of the transaction price for each obligation under the contract

Sale of goods

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. The Group delivers goods on contractual terms based on delivery conditions. The time at which the customer obtains control of the goods is considered to be substantially the same for most of the Group's contracts under IFRS 15.
In the case of contracts with customers where the sale of goods is generally estimated to be the only remaining obligation, the adoption of IFRS 15 is not expected to have any impact on the Group's revenue and profit or loss.
The Group expects revenue recognition to occur at a point in time when control of the asset is transferred to the customer, namely upon delivery of the goods.

The adoption of IFRS 15 involved analysing contracts and determining the following:

Variable compensation

Some customer contracts involve volume rebates, financial discounts, commercial price reductions. Revenue from these sales is recognised on a contract price basis, net of returns and rebates, trade discounts and volume discounts recognised on an accrual basis when a reasonable estimate of revenue adjustments can be made.

Revenue will be recognised to the extent that it is probable that a material reversal of the cumulative revenue recognised will not occur. Accordingly, for those contracts for which the Group is unable to make a reasonable estimate of the curtailment, revenue will be recognised earlier rather than when the reversal period passes or when a reasonable estimate can be made.
As the contract periods for most contracts coincide with the calendar years for which the annual financial statements are prepared and because the Group currently reports annual revenue from customer contracts net of adjustments, (volume discounts or financial discounts), the impact on retained earnings from the treatment of variable revenue as a result of the adoption of IFRS 15 does not exist.
The cases of quality claims (reversion rights) are isolated and insignificant, so the Group cannot make a zonable estimate of such a reversion of revenue at the reporting date.

Impact on retained earnings

The Group is the principal in all contractual sales relationships, as it is the primary provider in all revenue contracts, has the right to set the price and is exposed to inventory and credit risk.
In accordance with IFRS 15, the assessment is based on whether the Group controls the specific goods before transferring them to the end customer, rather than whether they have exposure to significant risks and rewards associated with the sale of the goods.

Recognition of income from separate performance bonds

Under certain delivery conditions, the Group may provide services such as transport to a specified destination. IFRS 15 requires the company to account for each separate good or service as a separate performance obligation. Freight services fall within the definition of a distinct service and a full understanding of the commercial terms is required. A transport performance obligation generally meets the criteria of a performance obligation over a period of time and revenue will be recognised over the period of transfer to the customer. There cannot be a separate obligation for an entity to transport its own goods (i.e. before the transfer of control of the goods to the customer).

Provision of services

The group provides various services as its main activities (construction works and assembly).
Revenue is valued at the fair value of the consideration received or receivable. In accordance with IFRS 15, the total consideration from service contracts will be allocated to all services based on their individual selling prices. The stand-alone selling prices will be determined based on the calculation of the prices of the services that the group provides in the various transactions.

Enforcement obligations fulfilled in time
The group transfers control of a good or service over time and therefore fulfils a performance obligation and recognises revenue over time if one of the following criteria is met:
(a) the customer simultaneously receives and consumes the benefits of the entity's execution as the entity executes;
(b) the entity's execution creates or improves an asset (e.g., work in progress) that the customer controls as the asset is created or improved; or
(c) performance by the entity does not create an asset with an alternative use for the entity and the entity has an enforceable right to payment for performance performed to that date.

Performance obligations fulfilled at a specific point in time

If the Group fulfils the performance obligation at a specific point in time (such as the supply of goods with an installation or commissioning clause at a specific point in time) in order to determine the specific point in time at which the customer obtains control of a promised asset and the Group fulfils a performance obligation, both the transfer of control provisions and the indicators of transfer of control are considered, in particular the acceptance of the asset by the customer which can be certified by signing the commissioning report, or the explicit acceptance of payment.

In the case of pre-delivery invoicing arrangements in addition to the above conditions for a
To enable the customer to gain control of a product in a pre-delivery billing agreement, all of the following criteria must be met:
- the reason for the agreement with pre-delivery invoicing must be substantial (there must be a written request from the customer)
- the product must be ready for physical transfer to the customer on a current basis
- the entity delivering the product may not have the ability to use the product or assign it to another customer

If there is an acceptance clause in the contract with a customer, then the time at which a customer obtains control of a good or service is measured against this clause.

Assessing progress towards meeting a performance obligation in full

For each performance obligation met over time, the group recognises revenue over time by assessing the progress of meeting that performance obligation in full. The purpose of measuring progress is to show the transfer of control over promised goods or services to a customer (i.e. the fulfilment of the performance obligation by the supplier).

Reasonable assessments of progress
The group recognises revenue for a performance obligation discharged over time only if it can reasonably assess its progress towards fully discharging the performance obligation and has the reliable information necessary to apply an appropriate method of assessing progress.

The recognition and measurement requirements in IFRS 15 are also applicable to the recognition and measurement of any gains or losses arising on the disposal of non-financial assets (e.g. property, plant and equipment and intangible assets) when such disposal is not in the ordinary course of business.

Rental income is recognised in the income statement on a straight-line basis over the term of the lease.

Dividends and interest

Dividend income is recognised when the shareholder's right to receive payment is established. Dividend income is recorded at gross amount including dividend tax, which is recognised as a current income tax expense.
Interest income is recognised on an accrual basis by reference to the principal outstanding and the effective interest rate, that rate which exactly discounts the expected future cash flows of the amounts received.

3.13. Provisions - IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

Provisions are made for current obligations to third parties when it is probable that the obligations will be met and the amount required to settle the obligations can be reliably estimated. Provisions for individual obligations are established at an amount equal to the best estimate of the amount required to settle the obligation.
Under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision should be recognised if:

a) The group has a present obligation (legal or constructive) arising from a past event;
b) It is likely that an outflow of resources incorporating economic benefits will be required to settle the obligation; and
c) An estimate of the value of the bond can be made.

If these conditions are not met, no provision should be recognised.

Provisions are grouped in the accounts by category and are established for:
a) litigation;
b) guarantees granted to customers;
c) decommissioning of tangible fixed assets and other similar related actions;
d) restructuring;
e) employee benefits;
f) other provisions

When, on the basis of the analysis carried out by the management together with the legal department on the chances of loss of the process by the group, it is concluded that the estimated chances of loss are higher than 51%, a provision is established at the estimated credible value.

Provisions for customer warranties are established based on estimates made by management and the sales department of the level of warranty repair expenses. The level of warranty period repair expenses is determined as a percentage of the reporting year's turnover.

Restructuring provisions

The implicit obligation to restructure arises if a company:

- has a detailed official plan for the restructuring which highlights: the activity or part of the activity to which it relates, the main locations affected, the location, function and approximate number of employees who will receive compensation for the cessation of their activity, the expenses involved, the date on which the restructuring plan will be implemented
- generated a justified expectation among those affected that restructuring would be achieved by starting the implementation of the restructuring plan or by communicating its main features to those who will be affected by the restructuring process.

The restructuring provision includes only direct restructuring-related expenses.

Provisions for employee benefits

Provisions are recorded during the financial year for untaken rest leave, other long-term employee benefits (if provided for in the employment contract) and those granted on termination of employment. When these are recognised as liabilities to employees, the value of the provisions will be reversed through the appropriate income accounts.

Other provisions

Where liabilities with uncertain timing or value are identified that meet the conditions for recognition of provisions under IAS 37, but do not fall into any of the categories identified above, other provisions are recorded.
At the end of each reporting period the provision is reviewed and adjusted to represent the best current estimate. Where it is determined on analysis that it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

The Group does not recognise a provision for operating losses. Provision for operating losses indicates that certain operating assets may be impaired and in this case these assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

3.14.Employee benefits - IAS 19 "Employee benefits"

Short-term benefits

Short-term employee benefit obligations are not discounted and are recognised in the statement of comprehensive income as the related service is rendered.

Short-term employee benefits include salaries, bonuses and social security contributions. Short-term benefits are recognised as an expense when services are rendered. A provision is recognised for amounts expected to be paid as short-term cash bonuses or employee profit-sharing schemes if the Group currently has a legal or constructive obligation to pay those amounts as a result of past services rendered by employees and if that obligation can be reliably estimated.

Benefits after termination of employment contract

Both the Group and its employees have a legal obligation to contribute and pay into the social insurance funds set up by the National Pension Fund administered by the National Pension House (contribution plan based on the "pay as you go" principle).
Therefore the Group has no further legal or constructive obligation to pay future contributions. Its obligation is only to pay contributions when they become due. If the Group ceases to employ persons who are contributors to the National Pension Fund, it will have no obligation to pay benefits earned by its own employees in previous years.

Defined contribution plans

The Group makes payments on behalf of its employees to the Romanian state pension system, health insurance, in the course of normal business.
All employees of the Group are members and are obliged to contribute to the pension system of the Romanian state. The Group is not engaged in any other post-employment benefit scheme. The Group has no obligation to provide subsequent services to former or current employees.
As of 1 January 2019, given the CAEN code in which it operates, namely 2361, manufacture of concrete products for construction, the parent company is subject to the provisions of GEO No 114/2018, by which the construction sector is declared a sector of national importance, the minimum wage becomes 3.000 lei/month, (4.582 lei from 1.11.2023) employees benefit from exemption from income tax, and reduction of CAS contribution, with the condition of obtaining at least 80% of the turnover from the activity on the Caen code.
Following Law 296/2023, the CASS facility for the construction sector will no longer apply from 1 November 2023, so that all individuals who earn income from salaries and similar salaries under an individual employment contract with PREFAB S.A. are obliged to pay CASS.
The parent company has had a voluntary pension scheme since April 2008 for employees with at least one year's service with the company and aged between 18 and 52. The contribution is paid by the employer, up to the limit of 200 euro/year, according to the Tax Code. The contracts concluded by the employees are for the NN Optim Voluntary Pension Fund administered by NN Asigurari de vida SA. The parent company has no other post-employment obligations related to these insurances.

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

The Group may grant benefits in the form of the entity's own shares with the approval of the General Meeting of Shareholders of each consolidated unit.

3.15. Result of the exercise

In accounting, profit or loss is determined cumulatively from the beginning of the financial year.
The result for the year is determined as the difference between income and expenditure for the year.
The final result for the financial year is established at the end of the financial year and represents the final balance of the profit and loss account.
The distribution of profits is carried out in accordance with the legal provisions in force. The amounts representing reserves constituted from the profit of the current financial year, on the basis of legal provisions, e.g. the legal reserve constituted on the basis of the provisions of Law 31/1990 are recorded at the end of the current financial year. The accounting profit remaining after this distribution is taken at the

beginning of the financial year following that for which the annual financial statements are drawn up to account 1171 "Retained earnings representing retained profits or unappropriated losses", from where it is distributed to the other uses decided by the general meeting of shareholders, in compliance with the legal provisions. The accounting treatment of the book profit is recorded in the accounts after the general meeting of shareholders has approved the distribution of the profit, by recording the amounts representing dividends due to shareholders, reserves and other uses, in accordance with the law.

3.16. Earnings per share. Diluted result.

IAS 33 'Earnings per Share' requires that if an entity presents consolidated financial statements as well as separate financial statements, the presentation of earnings per share is based on consolidated information only. If it chooses to present earnings per share on the basis of its separate financial statements, it must present such earnings per share information only in the statement of comprehensive income. In this case it does not have to present earnings per share in the consolidated financial statements.

An entity shall calculate diluted earnings per share amounts to profit or loss attributable to (a) ordinary shareholders of the parent and, if recognised, to profit or loss arising from continuing operations attributable to those shareholders.

For the purpose of calculating diluted earnings per share, an entity shall adjust profit or loss attributable to (a) the parent's ordinary shareholders and weighted average number of shares outstanding for the effects of all diluted potential ordinary shares.

The objective of this indicator is to assess the participation of each ordinary share in the performance of an entity, taking into account the influence of all diluted potential ordinary shares outstanding at that time.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are convertible, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of certain specified conditions. Antidilution is an increase in earnings per share or a reduction in loss per share resulting from the assumption that convertible instruments are convertible, that options and warrants are exercised, or that ordinary shares are issued upon the satisfaction of certain specified conditions.
An ordinary share is an equity instrument that is subordinate to all other classes of equity instruments.
A potential common share is a financial instrument or other contract that may entitle the holder to common shares.
The parent company has elected to present earnings per share and diluted earnings per share in these separate financial statements.
The parent company reports ***the basic earnings per share ("EPS")*** for its common stock. The basic CPA is calculated by dividing the gain or loss attributable to (a) the holders of the company's ordinary shares by the weighted average number of ordinary shares outstanding during the period.
Weighted average common shares outstanding during the period = the number of shares outstanding at the beginning of the period adjusted by the number of shares repurchased or issued during the period multiplied by a time-weighting factor.
The time weighting factor is the number of days the shares in question were in circulation as a proportion of the total number of days in the period.

3.17. Dividends

The share of the profit that is paid, according to the law, to each shareholder of the entities constitutes a dividend. Dividends distributed to holders of shares, proposed or declared after the balance sheet date, as well as other similar distributions made out of profits, are not recognised as a liability at the balance sheet date, but when the shareholder's right to receive them is established.
The accounting profit remaining after the distribution of the share of the legal reserve realised, up to 20% of the share capital, is taken into the retained earnings at the beginning of the financial year following the

one for which the annual financial statements are prepared, from where it is to be distributed to the other legal purposes, according to the AGM resolution of each entity.
The accounting of the allocation of the accounting profit shall be made in the following year after the General Meeting of Shareholders which approved the distribution of the profit, by recording the amounts representing dividends due to shareholders or associates, reserves and other allocations, according to the law for each entity. There is no right of appeal against the entries made with regard to the distribution of profits.
The provisions of IAS 10 are taken into account when accounting for dividends.

3.18. Capital and reserves.

Capital and reserves (shareholders' equity) represent the shareholders' right to an entity's assets after deducting all liabilities. Own capital comprises: capital contributions, capital premiums, reserves, retained earnings, profit or loss for the financial year.
The share capital, composed of common shares, is recorded at the value established on the basis of the incorporation documents. In the first set of financial statements prepared under IFRS, the Group applied IAS 29 "Financial Reporting in Hyperinflationary Economies" for shareholder contributions obtained before 01.01.2004, i.e. they were adjusted by the corresponding inflation index.
Own shares repurchased, according to the law, are shown in the balance sheet as an adjustment to equity.
Gains or losses arising from the issue, redemption, sale, transfer free of charge or cancellation of the entity's own equity instruments (shares, equity securities) are recognised directly in equity in the line 'Gains / or losses on equity instruments'.

The Group recognises changes in share capital under the conditions provided for by the legislation in force and only after their approval by the Extraordinary General Meeting of Shareholders and their registration with the Trade Register Office, for each entity.

Revaluation reserves.

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations should be made with sufficient regularity to ensure that the carrying amount does not differ significantly from what would be determined using the fair value at the balance sheet date.

If the book value of an asset is increased as a result of a revaluation, this increase must be recorded directly in equity under the large item 'revaluation reserves'. However, the increase shall be recognised in profit or loss to the extent that it offsets a decrease from a revaluation of the same asset previously recognised in profit or loss.

If the carrying amount of an asset is reduced as a result of a revaluation, this reduction must be recognised in profit or loss. However, the decrease shall be debited directly from equity to the row item 'revaluation reserves' to the extent that there is a credit balance in the revaluation surplus for that asset.

The revaluation surplus included in equity for an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

As from 1 May 2009, reserves from the revaluation of fixed assets, including land, carried out after 1 January 2004, which are deducted in the calculation of taxable profit by means of tax depreciation or expenses relating to assets disposed of and/or scrapped, are taxed at the same time as the deduction of tax depreciation, i.e. when these fixed assets are written off, as the case may be, in accordance with the provisions of the Tax Code.

Reserves from the revaluation of fixed assets, including land, made up to 31 December 2003 plus the portion of the revaluation made after 1 January 2004 relating to the period up to 30 April 2009 will not be taxed at the time of transfer to retained earnings (item 1175) but at the time of the change of use.

Reserves from the revaluation of fixed assets are transferred to retained earnings when the revalued fixed assets are written off.

Realised reserves are taxable in the future, in the event of a change in the use of reserves in any form, in the event of liquidation, merger of entities including the use of reserves to cover accounting losses, with the exception of the transfer, after 1 May 2009, of reserves relating to amounts realised after 1 January 2004.

Legal reserves

Under Romanian law, companies must allocate an amount equal to at least 5% of pre-tax profits to legal reserves until they reach 20% of share capital. Once this level has been reached, the company may make additional allocations only from net profit. The legal reserve is deductible up to a limit of 5% applied to the book profit before determining the corporate income tax.

Entities in Romania were established according to Law no. 31/1990 on companies.

In the financial statements prepared in accordance with IFRS, the parent company has applied IAS 29 - "Financial Reporting in Hyperinflationary Economies", adjusting the historical cost of share capital, legal reserves and other reserves for the effect of inflation up to 31 December 2003. These adjustments have been recorded in separate analytical accounts.

3.19. Segment reporting

An operating segment is a distinct component of the Group that engages in activities from which it may earn revenues and incur expenses, including revenues and expenses related to transactions with any of the other components of the Group, and that is subject to risks and rewards that are different from those of the other segments. The Company's primary segment reporting format is the business segment.
As Prefab SA shares are traded on the Bucharest Stock Exchange and the company applies IFRS, it presents in its annual financial statements and in its interim reports prepared in accordance with ***IAS 34 Interim Financial Reporting***, information about its business segments, products and services, geographical areas of activity and main customers.
In accordance with ***IFRS 8 'Business Segments***', a business segment is a component of an entity:

- which engages in business activities from which it may derive income and incur expenses (including income from transactions with other components of the same entity)
- whose business results are reviewed on a regular basis by the entity's chief operating decision maker for the purpose of making decisions on segment resource allocation and assessing its performance, and
- for which separate financial information is available.

Taking into account the criteria for identifying business segments and the quantitative thresholds described in IFRS 8, Prefab SA has identified the BCA segment as the business segment for which it reports separately.

3.20. Changes in accounting policies

New IFRS accounting standards and amendments to existing standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) which are mandatory for reporting periods beginning on or after 1 January 2023. Their adoption has not had a material impact on the disclosures or amounts reported in these financial statements:

Standard	Title
IFRS 17 Insurance Contracts	New IFRS 17 "Insurance Contracts" incorporating the amendments to IFRS 17 of June 2020 and December 2021
Amendments to IAS 1	Presentation of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred tax on claims and debts arising from a single transaction
Amendments to IAS 12	International Tax Reform - Pillar 2 Model Rules*

New IFRS accounting standards and amendments to existing standards not yet effective

At the date of approval of these financial statements, the Group has not applied the following new IFRS accounting standards and amendments to existing standards that have been issued but are not yet effective:

Standard	Title	Effective date set by the IASB
Amendments to IFRS 16	Lease liabilities in a sale and leaseback transaction	1 January 2024
Amendments to IAS 1	Classification of debt into short-term debt and long-term debt and long-term debt with financial indicators	1 January 2024
Amendments to IAS 7 and IFRS 7	Financing agreements with suppliers	1 January 2024
Amendments to IAS 21	Lack of convertibility	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale of or contribution of assets between an investor and its associates or joint ventures and other changes	postponed indefinitely

The Group anticipates that the adoption of the above standards will not have a material impact on the Company's financial statements in future periods.

New IFRS accounting standards and amendments to existing standards that are effective in the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union which are mandatory for reporting periods beginning on or after 1 January 2023. Their adoption did not have a material impact on the disclosures and amounts reported in these financial statements.

Standard	Title
IFRS 17	New IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by the IASB in June 2020 and December 2021
Amendments to IAS 1	Presentation of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred tax on receivables and payables arising from a single transaction; International tax reform - Pillar II model rules*

New IFRS accounting standards and amendments to existing standards issued and adopted by the EU but not yet effective

At the date of approval of these financial statements, there are no new IFRS Accounting Standards or amendments to existing standards issued and adopted by the EU but not yet effective:

Standard	Title Date of entry into force
Amendments to IFRS 16	Lease liabilities in a sale transaction 1 January 2024 and leaseback
Amendments to IAS 1	Classification of debt into short-term debt and 1 January 2024 long-term debt and long-term liabilities with financial indicators

New IFRS accounting standards and amendments to existing standards issued but not yet adopted by the EU

Currently, IFRS as adopted by the EU do not differ significantly from IFRS as adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, which have not been adopted by the EU as at 31.12.2023.

Standard	Title	EU adoption status
Amendments to IAS 7 and IFRS 7	Vendor financing arrangements (effective date set by the IASB: 1 January 2024)	Not yet adopted by the EU
Amendments to IAS 21	Lack of convertibility (effective date set by the IASB: 1 January 2025)	Not yet adopted by the EU
IFRS 14	Deferred accounts related to regulated activities (effective date set to: 1 January 2016)	The European Commission has decided not to start the approval process of this interim standard and to wait for the final standard.
Amendments to IFRS 10 and IAS 28	Sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (effective date indefinitely deferred by the IASB, but early application permitted)	The approval process has been indefinitely postponed until the completion of the research project on the equivalence method.

The Group anticipates that the adoption of these new standards and amendments to existing standards will not have a material impact on the Company's financial statements in the future.
According to the Company's estimates, the use of hedge accounting for a portfolio of financial assets and liabilities under **IAS 39: "Financial Instruments: Recognition and Measurement"** would not materially affect the financial statements if applied at the balance sheet date.

ANNEX: SHORT DESCRIPTION OF NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

- **IFRS 17 "Insurance Contracts"** issued by the IASB on 18 May 2017. The new standard requires insurance obligations to be measured at a present value realizable amount and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are intended to achieve consistent, principles-based accounting for insurance contracts. IFRS 17 overrides IFRS 4 'Insurance Contracts' and related interpretations when applied. The amendments to IFRS 17 'Insurance Contracts' issued by the IASB on 25 June 2020 postpone the date of initial application of IFRS 17 by two years for annual periods beginning on or after 1 January 2023. In addition, the amendments issued on 25 June 2020 introduce simplifications and clarifications to certain requirements in the standard and provide additional relief on initial application of IFRS 17.

- **Amendments to IFRS 16 Leases - Lease Liabilities in a Sale and Leaseback Transaction**, issued by the IASB on 22 September 2022. The amendments to IFRS 16 require the seller-lessee to subsequently measure lease liabilities arising from a leaseback transaction so that it does not recognise any gains or losses on the retained right of use. The new requirements do not prevent the seller-lessee from recognising in profit or loss gains or losses on the partial or full termination of a lease.

- **Amendments to IFRS 17 'Insurance Contracts' - Initial Application of IFRS 17 and IFRS 9 - Comparative Information** issued by the IASB on 9 December 2021. This is a narrow-scope amendment to the transition requirements of IFRS 17 for entities applying IFRS 17 and IFRS 9 simultaneously for the first time.

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

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

- **Amendments to IAS 7 'Cash Flow Statements' and IFRS 7 'Financial Instruments: Disclosures' - Financing Arrangements with Suppliers** issued by the IASB on 25 May 2023. The amendments add disclosure requirements as well as 'indicators' to the existing disclosure requirements for qualitative and quantitative disclosures about vendor financing arrangements.

- **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates** issued by the IASB on 12 February 2021. The amendments focus on accounting estimates and provide guidance on the distinction between accounting policies and accounting estimates.

- **Amendments to IAS 12 "Income Taxes" - Deferred tax relating to receivables and payables arising from a single transaction** issued by the IASB on 6 May 2021. Under the amendments, the exemption from initial recognition does not apply to transactions in which temporary differences arise that are both deductible and taxable on initial recognition and result in the recognition of equal deferred tax assets and liabilities.

- **Amendments to IAS 12 "Income Taxes" - International Tax Reform - Pillar 2 Model Rules** issued by the IASB on 23 May 2023. The amendments introduce a temporary exception to the accounting for deferred taxes arising in jurisdictions implementing the global tax rules and the disclosure requirements for a company's exposure to income taxes arising from the reform, in particular before the legislation implementing the rules comes into force.

- **Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"-Lack of convertibility** issued by the IASB on 15 August 2023.The amendments contain guidance for entities to disclose when a currency is convertible and how to determine the exchange rate when it is not convertible.

- **IFRS 14 "Deferred Accounts Related to Regulated Activities"** issued by the IASB on 30 January 2014. This standard is intended to allow first-time adopters that currently recognise deferred accounts related to regulated activities under previous GAAP to continue to do so on transition to IFRS.

- **Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale of or contribution of assets between an investor and its associates or joint ventures**, issued by the IASB on 11 September 2014. The amendments resolve the contradiction between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, gains or losses are recognised when the assets sold or contributed represent an enterprise.

4. INTANGIBLE FIXED ASSETS

The Group's intangible assets comprise computer software, licences and various software and are accounted for in account 208 "Other intangible assets"; they are amortised on a straight-line basis; they are stated at historical cost less amortisation and any value adjustments. No value adjustments have been recorded for the periods presented.
The Group does not own intangible assets generated internally or acquired through a government grant and also does not own intangible assets with indefinite useful lives.
The Group has no intangible assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5.
For intangible assets, useful lives have been estimated at 3 years.

The situation of the Group's intangible assets as at 31.12.2023 is as follows:

Cost

	Other intangible assets	**Total**
Balance as at 01 January 2023	**1.748.139**	**1.748.139**
Entries	640	640

Cessions	808.109	808.109
Balance at 31 December 2023	**940.670**	**940.670**

Accumulated depreciation

	Other intangible assets	Total
Balance as at 01 January 2023	**1.716.299**	**1.716.299**
Cost of the period	27.895	27.895
Cessions	808.109	808.109
Balance at 31 December 2023	**936.085**	**936.085**
Net book value 01 January 2023	**31.840**	**31.840**
Net book value 31 December 2023	**4.585**	**4.585**

5. PHYSICAL IMMOBILISATION

On 31.12.2020 the Group revalued, with independent experts authorized in the field, the tangible fixed assets existing in the patrimony at that date (ANEVAR authorized appraiser Neacsu Ileana). Depreciation was restated in proportion to the change in the gross book value of the asset, so that the book value of the asset, after revaluation, was equal to its revalued value.

GROUP Tangible fixed assets	Land	Buildings	Technical installations and machines	Other plant, machinery and furniture	Tangible fixed assets in course of construction + advances	Total
COST						
01.01.2022	**110,574,466**	**76,072,439**	**131,139,121**	**1,913,262**	**2,159,048**	**321,858,336**
Increases	0.00	75,483	4,877,131	7,006	4,253,791	9,213,411
Decreases	-55,583	-376,771	-72,230	-693,716	-2,133,034	-3,331,334
31 .12. 2022	**110,518,883**	**75,771,151**	**135,944,022**	**1,226,552**	**4,279,805**	**327,740,413**
Increases	0.00	3,576,401	5,470,855	12,813	8,507,016	17,567,085
Decreases	0.00	0.00	-6,088,597	-199,564	-5,150,871	-11,439,032
31 12. 2023	**110,518,883**	**79,347,552**	**135,326,280**	**1,039,801**	**7,635,950**	**333,868,466**
AMORTIZATION						
01.01.2022	**924,679**	**36,406,866**	**78,144,441**	**1,627,812**	**0.00**	**117,103,798**
Cost of the period	70,262	1,954,762	7,387,477	28,078	0.00	**9,440,579**
Outputs	-16,675	-169,642	-41,166	-466,566	0.00	**-694,049**
31.12.2022	**978,266**	**38,191,986**	**85,490,752**	**1,189,324**	**0.00**	**125,850,328**
Cost of the period	65,629	1,929,874	7.509.760	12,875	0.00	9,518,138
Outputs	0.00	0.00	-5,915,845	-199,564	0.00	-6,115,410
31.12.2023	**1,043,895**	**40,121,860**	**87.084.667**	**1,002,635**	**0.00**	**129.253.057**
NET VALUES						
01.01.2022	**109,649,787**	**39,665,573**	**52,994,680**	**285,450**	**2,159,048**	**204,754,538**
31.12. 2022	**109,540,617**	**37,579,165**	**50,453,270**	**37,228**	**4,279,805**	**201,890,085**
31.12. 2023	**109,474,988**	**39,225,692**	**48.241.614**	**37,166**	**7,635,950**	**204.615.410**

5.1. Tangible fixed assets brought into service

The value of tangible fixed assets increased by 1.35%, from 201.890.086 lei (31.12.2022) to 204.615.410 lei (31.12.2023), an increase due to the investments made in new equipment and for the modernization of existing production equipment.

5.2 Tangible fixed assets

No assets have been disposed of that would affect the realisation of the company's main business purpose or affect the realisation of future economic benefits.

In the year 2023, 6.115.410 lei of fixed assets were written off.

5.3 Pledged fixed assets

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

For all credit facilities contracted with Intesa Sanpaolo Bank (formerly Veneto Banca) the parent company has constituted the following guarantees in favour of the bank:
- Mortgage on the building - lot 2 (Premo) located in Calarasi, Bucuresti street, no. 396, jud. Calarasi, consisting of land of 69.552,2 sqm and the existing buildings on it with cadastral number 62/2.
- Issuing a blank promissory note in favour of the bank.
- Movable hypothec on the receivables resulting from the commercial relations concluded between Prefab S.A. and its debtors.

For the credit facilities contracted with ING Bank N.V, the parent company has constituted the following guarantees in favour of the bank as follows:
Mortgage established on the building - lot 7 and annexes (cogeneration plant) located in Calarasi, Bucuresti street, no. 396, jud. Calarasi, consisting of land of 10.651 sqm and the existing buildings on it C2, C4, C6, C7 with cadastral/top number 248449 (from cadastral number 62/7).
Mortgage on real estate :
1. Building - arable land in the area of 2.500 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under number 20193 and having cadastral number/top 20193, property of Prefab SA, located in com Modelu, in tarlaua 81/2, parcel 3/3, Călărași county.
Title of ownership: Sale and Purchase Contract no. 585/04.03.2009.

2. Building - arable land with an area of 2.500 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under number 20194 and having cadastral/top number 20194, property of Prefab SA, located in com Modelu, in tarlaua 81/2, parcel 3/3 (lot nr 2), jud Călărași.
Title of ownership: Sale and Purchase Contract no. 1335/01.07.201032

3. Building - arable land with an area of 5.000 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under no. 20141 and having cadastral/top number 20141, property of Prefab SA, located in com Modelu, in tarlaua 81/2, parcela 3/2, jud Călărași.
- Title deed: Contract of Sale - Purchase no. 587/04.03.2009.

4.Building - arable land with an area of 5.750 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under no. 21757 and having cadastral number/top 522, property of Prefab SA, located in Modelu, in the land plot 81/2, parcel 2-lot 1, Calarasi county.
Title of ownership: Sale and Purchase Contract nr. 974/04.03.2009

5. Building - arable land with an area of 4.427 sq.m, registered in the Land Register of ANCPI Călărași UAT Modelu under no. 21760 (old 521, cf 366) and having cadastral number/top 21760, property of Prefab SA, located in com Modelu, in tarlaua 81/2, parcel 4 - lot 1, jud Călărași.
Title of ownership: Sale and Purchase Contract nr. 975/16.03.2007 .
6. Building - arable land with an area of 5.000 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under number 20112 and having the cadastral/top number 20112, property of Prefab SA, located in com Modelu, in tarlaua 81/2, parcel 3/4, Calarasi county,
Title deed: Sale and PurchaseContract no. 3621/03.11.2008.

7. Building - arable land with an area of 5.000 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under number 20115 and having the cadastral/top number 20115, property of Prefab SA, located in com Modelu, in tarlaua 81/2, parcel 3/5, Calarasi county.
Title deed: Sale and Purchase Contract no. 3622/03.10.200 8.
8. Pledge on stocks and receivables .
9.Movable mortgage on equipment owned by PREFAB SA, belonging to the cogeneration plant.

5.4. Assets under construction and advances on tangible fixed assets

As of 31.12.2023, the parent company records in the account of fixed assets in progress the amount of 3,064,069 (of which during January 2024 investments in the amount of 2,084,918 lei were closed) representing modernizations for production machinery and equipment.
As of 31.12.2023, the parent company records under advances for investments, amounts of 4,571,881 lei, mainly representing payments for the replacement of the turbine of the cogeneration plant, according to the contract signed with the supplier KGE GMBH, a continuation of the investment projects carried out for the promotion of high efficiency cogeneration, and payments made to the supplier Miconstruct, for a new modular plant (investment of 200,000 euro).

6. INVESTMENTS IN OTHER ENTITIES

Wishing to establish an association to promote activities related to the precast concrete production industry, the parent company PREFAB SA together with 8 other renowned companies in this field, agreed to establish the "PREFBETON Precast Concrete Manufacturers Association". The purpose of the Association is to promote precast concrete products, to represent, support and defend the technical, economic and legal interests related to the trade and industry of precast concrete products, to develop and encourage cooperation in the scientific, technical and standardization field and to stimulate contracts between specialists in the country. The initial patrimony of the Association was 1.800 lei, Prefab SA's contribution was 200 lei. This association was not included in the consolidation as it was considered of little importance for the Group.

In December 2023, the Board of Directors of Prefab SA - the parent company - issued Decision no. 43/20.12.2023, by which it was decided to withdraw from this association. This decision was taken after a careful evaluation of the policies, strategic directions and the way of working in meetings and meetings of Prefab members, which no longer correspond to the principles and policies of Prefab SA.

On 31.12.2023, the subsidiary PREFAB INVEST SA has a holding of 100 lei in the initial assets of the Romanian Concrete and Prefabricated Concrete Society, a non-profit, apolitical and non-governmental association, the total assets of the association being 560 lei. The aim of the association is to promote scientific and technical progress in the field of concrete elements and structures. This association has not been included in the consolidation as it is considered of little importance for the Group.

7. RECEIVABLES AND OTHER ASSETS

Receivables are recorded at nominal value and are shown in the analytical accounts for each natural or legal person. Foreign currency receivables have been valued on the basis of the exchange rate prevailing at the year-end, and exchange differences have been recognised as income or expense for the period.

a) ***Trade receivables*** are shown below.

Creator	Balance at 31 December 2022	Balance at 31 December 2023
Commercial creditor	38.136.043	35.891.200
Adjustments for impairment of trade receivables	(131.387)	(131.387)
Trade receivables, net	**38.004.656**	**35.759.813**

Trade receivables relate mainly to domestic customers outstanding as at 31.12.2023. Among the main customers we mention for Prefab SA the parent company: Arabesque SRL, Arcocim SRL, Dedeman, for Prefab Invest SA part-affiliated: Zafini Solutions SRL, Midaschim SRL, T.O. Pietricica SRL, Euro Invest SRL, Intertranscom Impex SRL.

Uncertain clients or clients in litigation amounted to a gross value of 199,142 lei as at 31.12.2023.
For uncertain customers with outstanding balances, the legal actions started in previous years continued.
For a part of them, for which the management has estimated that there is a risk of non-recovery, adjustments for impairment of receivables amounting to 131,387 lei have been made.

Liquidity term analysis Commercial creditor	Balance at 31 December 2022	Balance at 31 December 2023
Under one year	38.004.656	35.759.813
In one year	0	0

Other assets	Balance at 31 December 2022	Balance at 31 December 2023
b) Other assets, of which:		
Debtors	70.925	292.457
Expenditure in advance	381.290	289.316
VAT to be recovered	1.218	66.821
Non-exempt VAT	78.306	51.487
Suppliers debtors	37.851	11.432
Other claims	170.594	237.901
Total	**740.184**	**949.414**

Liquidity term analysis

Other assets	Balance at 31 December 2022	Balance at 31 December 2023
Under one year	**740.187**	**949.414**
Over a year	0	0

Suppliers debtors

Suppliers debtors in the amount of 11,432 lei represent advances granted to suppliers by the parent company.

c) Impairment adjustments for trade and other receivables

The evolution of the impairment adjustments made by the parent company is as follows:

	31 December 2022	31 December 2023
At the beginning of the period	**131.387**	**131.387**
Increases/ (reruns)	0	0
Reductions	0	0
At the end of the period	**131.387**	**131.387**

As at 31.12.2023, the related parties have not made impairment adjustments for trade or other receivables.

8. STOCKS

31 December 2022	Cost	Adjustments	Net value
1.Raw materials and consumables	6.959.120	0	6.959.120
2.Production in progress	336.710	0	336.710
3.Finished products and goods	14.806.865	29.929	14.776.936
4. Advances	456.240	0	456.240
Total	**22.558.935**	**29.929**	**22.529.006**

31 December 2023	Cost	Adjustments	Net value
1.Raw materials and consumables	6.901.284	0	6.901.284
2.Production in progress	732.134	0	732.134
3.Finished products and goods	14.625.576	29.929	14.595.647
4.Advances for stocks	185.114	0	185.114
Total	**22.558.935**	**29.929**	**22.414.179**

The main categories of inventories are raw materials and consumables, work in progress, finished goods and merchandise, advances for inventory purchases.
The cost of inventories includes all costs related to the acquisition and processing and other costs incurred to bring inventories into the form and location in which they are found.
The cost of finished goods and work in progress comprises direct production-related expenditure, i.e. direct materials, energy consumed for technological purposes, direct labour and other direct production expenditure, as well as the share of indirect production expenditure rationally allocated as related to their manufacture.
At the time of disposal, stocks are valued using the weighted average cost method.

This method involves calculating the cost of each item on the basis of the weighted average of the cost of similar items in stock at the beginning of the period and the cost of similar items purchased or produced by the company during the period. The average is calculated monthly at the end of each month.
At the date of the financial statements, inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price expected to be realised in the ordinary course of business less estimated costs to complete the asset, where applicable, and estimated costs necessary to sell.

Where appropriate, provision is made for obsolete, slow-moving or defective stocks.
As of 31.12.2023, the adjustments for the depreciation of the inventory of finished products in the amount of 29,929 lei, established by the parent company, are maintained.

9. CASH AND CASH EQUIVALENTS

As at 31.12.2023, cash and cash equivalents amounted to 639,633 lei, lower than the amounts recorded as at 31.12.2022, which amounted to 1,673,202 lei, and consisted of:

	Balance at 31 December 2022	Balance at 31 December 2023
Cash in the cashier	8.660	9.910
Deposits and cash at bank	1.658.942	629.723
Other values	5.600	0
Total	**1.673.202**	**639.633**

Of the total cash and cash equivalents accounts, the restricted amounts as at 31.12.2022 and 31.12.2023 consist of:

	Balance at 31 December 2022	Balance at 31 December 2023
Guarantees for good execution	0	0
Management guarantees	3.551	2.242
Other guarantees	1.222.591	38.934
Total	**1.226.142**	**41.176**

In the total cash and cash equivalents accounts as at 31.12.2023, the parent company has a 78.75% share.
Due to the Group's procedures to minimise credit risk, the volume of transactions involving the guaranteeing of receipts by cheques and commercial paper increased. Cash equivalents represent cheques and commercial paper deposited with the bank for collection.

10. SHARE CAPITAL

The subscribed and paid-up **share capital** of the parent company is 24,266,709.5 lei, consisting of 48,533,419 shares with a nominal value of 0.50 lei/share.

The shareholding structure as of 31.12.2023 is:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL S.R.L. BUCURESTI	33.870.172	69.7873
CELCO SA CONSTANTA	12.795.000	26.3633
OTHER SHAREHOLDERS - LEGAL ENTITIES	79.912	0.1647

OTHER SHAREHOLDERS - INDIVIDUALS	1.788.335	3.6847
TOTAL	**48.533.419**	**100.0000**

The shares are registered, issued in dematerialized form, each share having a nominal value of 0.50 lei/share. During the financial year 2022, the nominal value of a share did not change.

11. RESERVE

Reserves include the following components:

	Balance at 31 December 2022	**Balance at 31 December 2023**
Legal reserves	6.054.252	6.117.021
Other reserves	43.753.974	46.195.569
Revaluation reserves	117.173.624	117.173.624
Total	**166.981.850**	**169.486.214**

At the end of 2023, the Group records "**Legal reserves**" in account 1061 in the amount of **6,117,021** lei, of which **1,483,092** lei represent reserves established in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", the Group correcting the historical cost of legal reserves for the effect of inflation up to 31 December 2003.

At the end of 2023 the Group records "**Other reserves**" in account 1068 in the amount of **46,195,569** lei of which **2,676,474** lei represent reserves established in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", the Group adjusting the historical cost of other reserves for the effect of inflation up to 31 December 2003.

The revaluation reserves amount to 117,173,624 lei as at 31.12.2023. The last revaluation was carried out on 31 December 2020 for the tangible fixed assets on record according to the regulations in force based on the Expert Valuation Report prepared by an ANEVAR member valuation firm, in order to determine their fair value, taking into account inflation, usefulness of the assets, their condition and market value. The decrease or increase in book value resulting from these revaluations was debited to the revaluation reserve.
The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Legal reserves	According to Law 31/1990 at least 5% of the profit is taken each year to form the reserve fund, until it reaches at least one fifth of the share capital.
Other reserves	Other reserves include at 31 December 2023 reserves set up on the distribution of net profit.
Fixed assets valuation reserves	If the carrying amount of an item of property, plant and equipment is increased as a result of revaluation, then the increase shall be recognised in other comprehensive income and accumulated in equity as revaluation surplus. Revaluation reserves cannot be distributed and cannot be used to increase share capital.

12. RETAINED EARNINGS

The reported result includes the following components:

	Balance at 31 December 2022	Balance at 31 December 2023
Retained earnings, except for retained earnings arising from the first-time adoption of IAS 29 (ct 117)	9.579.053	9.588.755
Total	**9.579.053**	**9.588.755**

13. PROFIT SHARING

As of 31.12.2022, Prefab sa - the parent company recorded a net profit of 7,756,629 lei was distributed based on the AGM resolution of 26.04.2023, according to legal regulations, as follows:

Net profit 2022: 7.756.629,00 lei
Legal reserve: 449.833,00 lei
Dividends : 4.853.341,90 lei
Other Reserves : 2.453.454,10 lei

From the amount of 4,853,341.90 lei, representing the dividends due to the shareholders, for the year 2022, the amount of 1,457,347.37 lei was transferred to the Central Depository on 10.07.2023 and the amount of 700,000 lei on 04.09.2023, after withholding tax in the amount of 15,395.43 lei, for payment to the shareholders, according to the contract signed.
As of 31.12.2023, Prefab sa - the parent company recorded a net profit of 906,388 lei which will be distributed based on the AGM resolution, according to legal regulations.
From the realized profit, legal reserves in the amount of 62.769 lei were registered, according to the provisions of the Law no. 31/1990 republished, on commercial companies, following that the difference of 843.619 lei will be submitted to the approval of the AGM of 25/26.04.2024.

Proposal of current profit distribution for the year 2023:

Net profit 2023: 906.388,00 lei
Legal reserve: 62.769,00 lei
Other reserves : 843.619,00 lei

The legal framework for the establishment of own sources of financing and other profit distributions is constituted by the following normative acts:
- Law 227/2015 on the Tax Code with subsequent amendments
- Law no. 31/1990, republished, on companies

As of 31.12.2022 Prefab Invest SA recorded a net profit in the amount of 9,712 lei which was distributed based on the AGM resolution, according to legal regulations.
As of 31.12.2023 Prefab Invest SA recorded a net profit of 16,405 lei which will be distributed according to the AGM resolution, in accordance with legal regulations.
According to the legal provisions, the group's profit is not distributed, it is only an economic indicator to inform the shareholders.

The profit/loss realised individually by each company within the group is subject to distribution at the general meetings of each entity.

14. RESULT PER SHARE. DILUTED RESULT (for the Parent Company).

IAS 33 'Earnings per Share' requires that if an entity presents consolidated financial statements as well as separate financial statements, the presentation of earnings per share is based on consolidated information only. If it chooses to present earnings per share on the basis of its separate financial statements, it must present such earnings per share information only in the statement of comprehensive income. In this case it does not have to present earnings per share in the consolidated financial statements.

Earnings per share and diluted earnings per share have been presented in the Parent Company's separate annual financial statements.
The parent company reports ***the basic earnings per share ("EPS")*** for its common stock. The basic CPA is calculated by dividing the gain or loss attributable to holders of the company's ordinary shares by the weighted average number of ordinary shares outstanding during the period.
Weighted average number of common shares outstanding during the period =number of shares outstanding at the beginning of the period adjusted by the number of shares repurchased or issued during the period multiplied by a time weighting factor.
The time weighting factor is the number of days the shares were in circulation as a proportion of the total number of days in the period.

	2022	**2023**
Basic earnings per share	**0.1598**	**0.0186**
Diluted result	**0.1598**	**0.0186**

15. PROVISIONS

The Group did not make provisions for risks and charges at the end of the financial year 2023, considering that future uncertainties do not justify the creation of provisions or the deliberate valuation of future obligations.

16. LOANS AND OTHER DEBTS

Debts are recorded at nominal value and are shown in the cost accounting for each natural or legal person. Foreign currency payables have been valued on the basis of the exchange rate prevailing at the year-end and exchange differences have been recognised as income or expense for the period.

The debt situation is as follows:

Debts	**Balance at 31 December 2022**	**Balance at 31 December 2023**
Amounts due to credit institutions	27.134.747	27.451.335
Advances received on orders	5.118.512	4.159.228
Trade debts	4.310.007	7.076.838
Other debts including tax and social security debts	2.360.949	4.856.468
Corporation tax postponed	459.610	453.897

Total debts	**39.383.825**	**43.997.766**
Analysis of the due date	**Balance at 31 December 2022**	**Balance at 31 December 2023**
Under one year	34.596.027	38.923.788
Over a year	4.787.798	5.073.978
Total	**39.383.825**	**43.997.766**

In the total existing debts as of 31.12.2023, the parent company has a share of 93.02%.

The amounts due to credit institutions have the following component:

Amounts due to credit institutions	**Balance at 31 December 2022**	**Balance at 31 December 2023**
Short-term loans	22.806.559	23.169.040
Long-term loans	4.328.188	4.282.295
Total	**27.134.747**	**27.451.335**

17. SHORT-TERM LOANS

The Group benefited during 2023 from short-term loans from commercial banks as follows:

Banking	**Type of loan**	**Date contract**	**Expired**	**Currency**	**Main**	**Balance at 31.12.2023**
ING Bank N.V.	Credit line	Credit line facility agreement no.9184/01	Indefinite term	lei	19.000.000	17,121,084 lei
Intesa Sanpaolo Bank	Credit line	Credit line agreement no. 8929/10.10.2013	17.10.2024	lei	7.850.000	6,047,956 lei
Total						**23,169,040 lei**

18. LONG-TERM LOANS

During 2023, the Group benefited from long-term loans from commercial banks as follows:

Description	**Type of loan**	**Date contract**	**Expired**	**Currency**	**Main**	**Balance at 31.12.2023**
ING Bank N.V.	Investment credit	Credit facility agreement 9181/02	20.01.2026	lei	5.000.000	4,282,295 lei
ING Bank N.V.	Credit financing and refinancing current activity	Credit facility agreement 9181/08.11.2019	29.11.2023	lei	5.000.000	0 lei
Total						**4,282,295 lei**

During 2023, the parent company benefited from a line of credit for the support of current activities opened with Intesa Sanpaolo Bank (formerly Veneto Banca), in the amount of 7,850,000 lei (the initial amount of 9,000,000 lei was reduced to 7,850,000 lei by an addendum to the credit line agreement no. 8929/10.10.2013 with maturity on 17.10.2023, with the possibility of extension. The balance of the loan as at 31.12.2023 is 6,047,956 lei.

For the credit facility contracted with Intesa Sanpaolo Bank (formerly Veneto Banca), the parent company has constituted the following guarantees in favour of the bank:

- Mortgage on the building - lot 2 (Premo) located in Calarasi, Bucuresti street, no. 396, jud. Calarasi, consisting of land of 69.552,2 sqm and the existing buildings on it with cadastral number 62/2.
- Issuing a blank promissory note in favour of the bank.
- Movable hypothec on the receivables resulting from the commercial relations concluded between Prefab S.A. and its debtors.

During the year 2023, the Parent Company has benefited from the following loans, opened with ING Bank N.V.:

- A loan for the support of current activities in the amount of 5.000.000 ron under the credit facility agreement no. 9181 dated 08.11.2019. The repayment term of the credit facility was 29.11.2023, repayment being made in 46 instalments. The first installment was in the amount of 103,433.42 ron, the next 45 installments in the amount of 108,812.59 ron. The balance of the loan as at 31.12.2023 is 0 lei, the loan being repaid in full in the first part of 2023.
- On 17 January 2022, a credit line of 19,000,000 RON was opened with ING Bank, the balance of which on 31.12.2023 was 17,121,084 lei.
- A 5-year investment loan, the balance of which as of 31.12.2023 is 4,282,0295 lei.

The financial conditions and costs offered by ING Bank were advantageous compared to those offered by similar companies.

For the credit facilities contracted with ING Bank N.V, the parent company has constituted the following guarantees in favour of the bank as follows:

- Mortgage established on the building - lot 7 and annexes (cogeneration plant) located in Calarasi, Bucuresti street, no. 396, jud. Calarasi, consisting of land of 10.651 sqm and the existing buildings on it C2, C4, C6, C7 with cadastral/top number 248449 (from cadastral number 62/7).
- Movable hypothec on the bank accounts opened in the name of PREFAB SA at ING BANK N.V. units, as well as on the present and future amounts held in these accounts.
- Movable mortgage on equipment owned by PREFAB SA, belonging to the cogeneration plant.
- Mortgage on real estate :
- 1. Building - arable land in the area of 2.500 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under number 20193 and having cadastral number/top 20193, property of Prefab SA, located in com Modelu, in tarlaua 81/2, parcel 3/3, Călărași county.
- 2. Building - arable land with an area of 2.500 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under number 20194 and having cadastral/top number 20194, property of Prefab SA, located in com Modelu, in tarlaua 81/2, parcel 3/3 (lot nr 2), jud Călărași.
- 3. Building - arable land with an area of 5.000 sqm, registered in the Land Register of ANCPI Călărași UAT Modelu under no. 20141 and having cadastral/top number 20141, property of Prefab SA, located in com Modelu, in tarlaua 81/2, parcela 3/2, jud Călărași.
- 4. Building - arable land with an area of 5.750 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under no. 21757 and having cadastral number/top 522, property of Prefab SA, located in Modelu, in the land register 81/2, plot 2-lot 1, Calarasi county.
- 5. Building - arable land with an area of 4.427 sq.m, registered in the Land Register of ANCPI Călărași UAT Modelu under no. 21760 (old 521, cf 366) and having cadastral number/top 21760, property of Prefab SA, located in com Modelu, in tarlaua 81/2, parcel 4 - lot 1, jud Călărași.
- 6. Building - arable land with an area of 5.000 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under number 20112 and having the cadastral/top number 20112, property of Prefab SA, located in com. Modelu, in tarlaua 81/2, parcel 3/4, Calarasi county,

- 7. Building - arable land with an area of 5.000 sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under number 20115 and having the cadastral/top number 20115, property of Prefab SA, located in com Modelu, in tarlaua 81/2, parcel 3/5, Calarasi county.
- Pledge on stocks and receivables

19. OTHER DEBTS

Their composition is mainly the following:

Other debts	Balance at 31 December 2022	Balance at 31 December 2023
Debts in relation to staff and related liabilities	1.064.016	590.065
Debts to the social security budget	385.916	363.126
Debts to the state budget	617.457	519.801
Debts to shareholders	293.598	3.045.615
Other debts	(38)	75
Total debts	**2.360.949**	**4.518.682**

20. DEFERRED LIABILITIES

The change in deferred tax liabilities is shown in the table below:

Description	31 December 2022	31 December 2023
Initial sale	465.321	459.610
Tax deferred different from revaluation	(5.711)	(5.711)
Final balance	**459.610**	**453.897**

21. INVESTMENT GRANTS

The change in investment grants is shown in the table below:

Description	31 December 2022	31 December 2023
Initial sale	4.013.507	3.508.712
Received during the year	0	119.000
Reversed during the year	0	0
Relayed to income	(504.795)	(506.246)
Final balance		**3.121.466**

	3.508.712

The amounts represent subsidies recorded for assets (co-financing) acquired within the framework of projects carried out by the Parent Company, namely:

- Modernisation of the vegetable greenhouse through the SAPARD Programme (2005).
- The project 'Rational Energy Use Plan - Energy Efficiency Project at Prefab SA', worth 1.200.000 euro, which was carried out in partnership with EBRD, from which it obtained 15% financing for the investments made, namely 812.124 lei (equivalent to 180.000 eur).
- Project: 'Realization of a cogeneration plant in order to improve the energy efficiency of Prefab SA's activity', partially financed by European Funds within the Priority Axis 4 of the Sectoral Operational Programme: Increasing Economic Competitiveness, the parent company having signed in this respect the financing contract no. 18 EE/28.05.2012 with the Ministry of Economy, Trade and Business Environment. The non-reimbursable amount approved by the contract was 10.199.768,65 lei, of which 6.140.662,41 lei was received in 2013 and 1.503.822,08 lei in 2014.
-

22. OPERATING INCOME

Income	**31 December 2022**	**31 December 2023**	**Difference (2023-2022)**
Production sold	98.658.501	115.427.395	16.768.894
Income related to costs of stocks of products	(3.030.025)	1.681.242	4.711.267
Income from the production of fixed assets	3.314.669	6.951.722	3.637.053
Income from real estate investments	0	0	0
Other operating income	3.706.483	1.607.791	(2.098.692)
Total	**102.649.628**	**125.668.150**	**23.018.522**

In the total operating revenues recorded by the Group as of 31.12.2023, Prefab SA, the parent company, has a share of 95.87%.

Revenues from production sold are structured by the following product categories:

Name of products	**2022**	**2023**
ACC	65.36%	72.54%
Tubes	2.50%	3.13%
Prefabricated	10.95%	12.33%
Electricity	16.8%	7.89%
Other products	4.39%	4.11%

For Autoclaved Cellular Concrete (ACC), the masonry material produced by PREFAB SA, in 2023 the production was 303,214 m^3 and the quantity sold was 297,916 m^3.

As regards the market of precast reinforced and prestressed concrete products, electrical poles, highway elements, prefabricated parts for hypermarkets or supermarkets, beams for road bridges, sewerage pipes PREMO-SENTAB is still affected by the lack of national infrastructure projects and the lack of skilled labour, maintaining the same low level of demand on the market mainly due to financial bottlenecks in the nationalinvestment field.

In 2023 the total volume of precast elements produced and sold was 4,639.72 m3 to which 1,478.25 m3 of ready-mixed concrete is added.
Regarding the cogeneration plant activity, in 2023, its operation was correlated with the production activity in order to optimize costs.
Under these conditions, the amount of electricity produced in 2023 was: 13,987.30 MWh of which 11,056.16 MWh was delivered to the NES, the difference of 2,931.14 MWh being used for domestic consumption. For the quantity of electricity delivered to the NES, the company qualified for the cogeneration bonus under the support scheme for the promotion of high efficiency cogeneration.
The amount of thermal energy produced in 2023 was: 21,690.45 MWh, used entirely for domestic consumption.

23. OPERATING EXPENDITURE

Expenditure	**31 December 2022**	**31 December 2023**	**Difference (2023 -2022)**
Expenditure on raw materials and materials	**31.816.918**	**46.893.230**	**15.076.312**
Energy and water expenditure	19.063.051	24.087.710	5.024.659
Other production expenditure	2.216.137	2.706.640	490.503
Trade discounts received	(356.242)	(213.723)	142.519
Total material cost	**52.739.864**	**73.473.857**	**20.733.993**
Salaries and allowances	16.532.403	26.123.357	9.590.954
Expenditure on insurance and social protection	488.456	621.493	133.037
Total staff expenditure	**17.020.859**	**26.744.850**	**9.723.991**
Depreciation	9.460.124	9.556.895	52.868
Impairment adjustments	0	0	(23.726)
Total depreciation and	**9.460.124**	**9.556.895**	**96.771**
amortisation	7.810.683	10.806.090	2.995.407
Expenditure on external benefits			
Expenditure on other taxes, duties and similar charges	1.333.101	1.398.335	65.234
Other expenses	3.545.693	288.971	(3.256.722)
Total other operating expenditure	**12.689.477**	**12.493.396**	**(196.081)**

Total	**91.910.324**	**122.268.998**	**30.358.674**

In the total operating expenses recorded by the Group as of 31.12.2023, Prefab SA, the parent company, has a share of 95.87%.
The prices of raw materials and supplies recorded significant increases compared to the previous year, mainly influenced by the significant increase in the price of electricity and natural gas.

24. FINANCIAL INCOME

Income	**31 December 2022**	**31 December 2023**	**Difference (2023 -2022)**
Income from exchange rate differences	77.259	147.383	70.124
Interest income	837	597	(240)
Dividend income held in subsidiaries	62.575	0	(62.575)
Total	**140.671**	**147.980**	**7.309**

In the total financial income recorded by the Group as of 31.12.2023, Prefab SA, the parent company, has a share of 99.88%.

25. FINANCIAL EXPENDITURE

Expenditure	**31 December 2022**	**31 December 2023**	**Difference (2023-2022)**
Interest-related expenditure	1.627.706	1.942.477	314.771
Other financial charges	129.315	216.716	87.401
Total	**1.757.021**	**2.159.193**	**402.172**

In the total financial expenses recorded by the Group as of 31.12.2023, Prefab SA, the parent company, has a share of 100%.
Interest expenses increased by 314,771 lei, from 1,627,706 lei (2022) to 1,942,477 lei (2023) (see the situation of short and long-term loans), due to the increase of the reference interest rate BNR in the context of the decrease of the company's indebtedness.

26. CORPORATE INCOME TAX

In 2023, the Group obtained a gross profit of 1,387,939 lei, the related income tax being 471,400 lei, all of which was transferred to the General Consolidated Budget.

	Exercise finance closed on 31 December 2022	**Exercise finance closed on 31 December 2023**
Gross profit	9.122.954	1.387.939

Gross accounting profit *)	9.122.954	1.387.939
Accounting loss **)	0	0
Corporate tax	1.356.613	471.400
Net profit	7.766.341	916.539

*) Gross accounting profit achieved by PREFAB SA parent company and PREFAB INVEST SA affiliate

The reconciliation of current profit before tax to income tax expense in the income statement is as follows:

Indicator	**31.12.2022**	**31.12.2023**
Net accounting profit	7.766.341	916.539
Deductions	9.927.525	9.607.370
Non-taxable income	15.547	0
Other taxable income	35.699	35.699
Non-deductible expenses	12.184.293	12.122.823
Taxable profit	10.043.261	3.482.122
Tax profit	1.606.921	557.139
Corporate tax reduction	110.800	85.739
Bonus	139.508	0
Tax profit	1.356.613	471.400

27. AVERAGE NUMBER OF EMPLOYEES

a) Employees

The average number of employees evolved as follows:

	The financial year ended 31 December 2022	**The financial year ended 31 December 2023**
Management staff	5	3
Administrative staff	86	94
Production staff	181	255
TOTAL	**272**	**352**

b) The evolution of the employee structure by level of education is shown below:

Year	**2022**	**2023**
Staff with higher education	10%	9%
Staff with secondary education	31%	11%
Professional and qualified staff	50%	69%
Unqualified staff	9%	11%

c) Expenditure on salaries and related taxes recorded during 2022 and 2023 are as follows:

	31 December 2022	**31 December 2023**

Expenditure on salaries	16.532.403	26.123.357
Expenditure on insurance and social protection	478.856	612.493
Optional pension expenditure	9.600	9.000
Total	**17.020.859**	**26.744.850**

The parent company contributes to the national pension program according to the legislation in force, and has a voluntary pension program since April 2008 for employees who have at least one year of service with the company and are between 18 and 52 years of age. The contribution is paid by the employer, up to the limit of 200 euro/year, according to the Tax Code. The contracts taken out by the employees are for the NN Optim Voluntary Pension Fund administered by NN Asigurari de viata SA. The Group has no other post-employment obligations related to these insurances.

At the level of the parent company, personnel expenses increased by 9,132,637 lei, from 14,807,399 lei in 2022 to 24,106,405 lei in 2023, at the same time as the average number of employees increased from 257 (31.12.2022) to 338 (31.12.2023).

As of January 1, 2019, given the NACE code in which it operates, namely 2361, manufacture of concrete products for construction, the company is subject to the provisions of GEO no. 114/2018, by which the construction sector is declared a sector of national importance, the minimum wage initially becomes 3.000 lei/month, respectively 4.582 lei/month from 01.11.2023, the employees benefit from income tax exemption, health contribution exemption and CAS contribution decrease from 25% to 21.25%, provided they obtain a minimum of 80% of the turnover from the activity on NACE code.

Following Law 296/2023, the CASS facility will no longer apply from 1 November 2023, so that all individuals who earn income from salaries and similar salaries under an individual employment contract with PREFAB S.A., are obliged to pay CASS.

During 2022, the parent company initiated a project on recruitment of skilled labour from Tajikistan. During February-March 2023, 49 people with various qualifications from Tajikistan were recruited at the company's premises, 33 of whom have settled and integrated into the production process**.**

28. TRANSACTIONS WITH RELATED PARTIES

At the reporting dates the Group has no related parties other than subsidiaries included in the consolidation. Balances and transactions with subsidiaries included in the consolidation have been eliminated for the purpose of preparing these consolidated financial statements.

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

The Group has no future obligations of a guarantee nature on behalf of the directors.

Transfer price:

Under the relevant tax legislation, the valuation of a related party transaction is based on the concept of the market price of that transaction. In this context, transfer prices must be adjusted to reflect market prices that would have been established between entities between which there is no affiliation and which act independently, based on normal market conditions.

29. INFORMATION BY BUSINESS SEGMENT

Segment information is reported according to the Company's activities. Transactions between business segments are carried out on an arm's length basis.

Segment assets and liabilities include both items directly attributable to those segments and items that can be allocated using a reasonable basis.

PREFAB SA is one of Romania's leading manufacturers of:

a. ACC (Self-Cementing Cellular Concrete) with an installed capacity of 500.000 m3 per year
b. Prefabricated Typified
c. Concrete pipes for water and sewage networks (Premo and Sentab technology)
d. Structure for shops
e. Prefabricated unprinted

And one of the important suppliers in the local market of:

f. Aggregate
g. Concrete
h. PVC joinery
i. Electricity (from April 2013).

PREFAB SA has identified one business segment for which it presents information separately, namely **the BCA Branch -** which achieved revenues of over 72.54% of production sold, for the ACC product.
Autoclaved aerated concrete (ACC) is the masonry material produced by PREFAB SA with the largest share in the company's turnover. In 2023 the production of ACC was 303,214 cubic meters and approximately 297,916 cubic meters of ACC were sold, compared to approximately 237,811.20 cubic meters in 2022.

PREFAB SA applies a unitary policy of prices and discounts granted to customers, depending on volume and payment period (due date).

The revenue and expenditure structure for this business segment is as follows:

Income	**31 December 2022**	**31 December 2023**
Production sold	**61.934.817**	**79.969.851**
Other operating income		
Total income	**61.934.817**	**79.969.851**

Expenditure	**31 December 2022**	**31 December 2023**
Expenditure on raw materials and materials	23.384.308	32.970.695
Expenditure on methane gas, energy and water	18.474.545	18.053.573
Other production expenditure	0	0
Total material cost	**41.858.853**	**51.024.268**
Salaries and allowances	4.178.131	6.944.878

Expenditure on insurance and social protection	93.852	165.510
Total staff expenditure	**4.271.983**	**7.110.388**
Depreciation	3.359.754	3.367.215
Impairment adjustments	0	0
Total depreciation and amortisation	**3.359.754**	**3.367.215**
Expenditure on external benefits	963.499	2.506.933
Expenditure on other taxes, duties and similar charges	224.158	308.912
Other expenses	3.244.055	12.395.512
Total other operating expenditure	**4.431.712**	**15.211.357**
Total expenditure	**53.922.302**	**76.713.228**

Result of activity 8,012,515 3,256,623

For the ACC business segment we also report the following:

Tangible fixed assets:

	Book value	Depreciation	Net value
Land 33.392,80 sqm	8.804.961	0	8.804.961
Buildings and constructions	13.160.885	5.249.236	7.911.649
Machinery and means of transport	56.342.711	33.584.266	22.758.445
Total	**78.308.557**	**38.833.502**	**39.475.055**

Long-term debts: 3.680.134 lei
Short-term debts: 26,008,576 lei

PREFAB SA is one of the leading national manufacturers of building materials, with a varied portfolio of marketed products.
The main markets are Romania and occasionally the Republic of Bulgaria and the Republic of Moldova.
In Romania the structure of the market is:

a. for ACC: Muntenia, Transylvania, Moldova
b. for Prefabricated: all Romania
c. for Aggregates, Ready-mix Concrete: local market

The sales policy is differentiated according to the specificity of each product.

a. ACC is sold through distributors or DIY (Do It Yourself) chains
b. Prefabricated products shall be marketed by auction or negotiation on a project basis.

Sales by geographical area:

Geographical area	Sales in 2022	Sales in 2023
1. Muntenia	92.75%	92.88%
2. Transylvania	2.08%	3.02%
3. Moldova	5.04%	4.09%
4. Bulgaria	0.00%	0.00%

5.Republic of Moldova	0.13%	0.01%

ELECTRICITY GENERATION ACTIVITY

PREFAB SA carried out in the period 2011 - 2013 a major investment project, namely: the project 'Realization of a cogeneration plant in order to improve the energy efficiency of Prefab SA activity', in the amount of 22.400.846, 58 lei (5.247.575 euro). The project was submitted on 20 July 2011, to the Intermediate Body for Energy, for financing from European Funds under Priority Axis 4 of the Sectoral Operational Programme: Increasing Economic Competitiveness and was declared eligible for funding, signing in this regard the financing contract no. 18 EE/28.05.2012 with the Ministry of Economy, Trade and Business Environment for the maximum amount of 10.199.768,65 lei. The **main objective of the project was to** increase the efficiency of energy use in the industrial activities of Prefab SA by installing a high efficiency cogeneration plant.
The project was completed with the commissioning on 15.04.2013 of the new co-generation capacity for electricity and thermal energy.
On 24.04.2013 PREFAB SA obtained on the basis of ANRE Decision no. 1038/24.04.2013, "License no. 1222 for the production of electricity for commercial operation of the 5.4 MW gas turbine cogeneration plant. " The electricity produced is delivered to the NES, part of which is used for domestic consumption.
The results of the cogeneration plant activity - the amount of electricity produced in 2023 was: the amount of electricity produced in 2023 was: 13.987,30 MWh of which 11.056,16 MWh was delivered to the SEN, the difference of 2.931,14 MWh being used for internal consumption. For the quantity of electricity delivered to the NES, the company qualified for the cogeneration bonus under the support scheme for the promotion of high efficiency cogeneration. The amount of thermal energy produced in 2023 was: 21,690.65 MWh, used entirely for internal consumption.

30. COMMITMENTS AND QUOTAS

Court actions

The Group is the subject of a number of legal actions arising in the normal course of business as a plaintiff. The Group's management believes that, apart from the amounts already recorded in these financial statements as provisions or asset impairment adjustments and described in the notes to these financial statements, other legal actions will not have a material adverse effect on the Group's economic results and financial position.
Insurance

In the year 2023, the Parent Company has insurance contracts with several insurance companies and mainly relate to:

- Insurance of buildings and assets (mainly pledged or mortgaged to banks)
- Fleet insurance (RCA, CASCO)

It is likely that transfer pricing audits will be carried out in the future by the tax authorities to determine whether transfer prices comply with the arm's length principle and that the tax base is not distorted. The management of the parent company considers that the transactions with related parties comply with the arm's length principle for each transaction.

31. RISK MANAGEMENT

The group is exposed to the following risks:
- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational risk

- Balancing cost risk
- Taxation risk
- *Data* protection and processing risk
- The risk of **war**

This section provides information on the Group's exposure to each of the above risks, the Group's objectives, risk assessment and risk management policies and processes, and capital management procedures.

General framework for risk management

The Boards of Directors of the entities have overall responsibility for establishing and overseeing the risk management framework at the level of each entity.

The activity is governed by the following principles:
a) the principle of delegation of powers;
b) the principle of decision-making autonomy;
c) the principle of objectivity;
d) the principle of investor protection;
e) the principle of promoting stock market development;
f) the active role principle.

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

The Group's risk management policies are defined to ensure that the risks faced by the Group are identified and analysed, that appropriate limits and controls are established, and that risks and compliance with established limits are monitored. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities. The Group, through its training and management standards and procedures, aims to develop an orderly and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk that the Group 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 Group's exposure to credit risk is mainly influenced by the individual characteristics of each client and the country in which it operates. The majority of the Group'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
- Trade and other payables

A summary of the financial instruments obtained by category is provided below:

ASSETS	31 December 2022	31 December 2023
Trade and similar receivables	38.363.550	36.419.911
Cash and cash equivalents	1.673.202	639.633
Total 40,036,752		**37,059,544**

DEBTS	31 December 2022	31 December 2023

Trade and similar debts	9.428.519	11.236.066
Other debts (including tax)	2.360.949	4.518.682
Total 11,789,468		**15,754,748**

The Group monitors its exposure to credit risk by analysing the age of the receivables that records and acts continuously to recover overdue or past due receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with debts that are settled in cash or by transferring another financial asset. The Group's approach to liquidity risk is to ensure, as far as practicable, that it holds sufficient cash at all times to meet liabilities when they fall due, both under normal and stressed conditions, without incurring unacceptable losses or jeopardising the Group's reputation.
The Group has committed long-term loans.
To counter this risk factor, the Group has implemented restrictive policies for the delivery of products to uncertain customers. An important role has been played by the Group's policy of requiring, in certain cases, advance payment 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 attempts were made to reduce the contractually agreed number of days for payment of receivables by the group's customers. Mortgage guarantee contracts were concluded in favour of banks with which we have open credit lines, loans 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 foreign exchange rates, interest rates and reduced market demand will affect the Group's revenues.
Market risk - the instability of the market for building materials, characterized by a significant drop in demand, a risk that can be 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.

Currency risk
The Group has transactions and loans in a currency other than its 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 particular by converting foreign currency loans into national currency.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the Group'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 Group is also exposed to catastrophe risk. In these circumstances, the Group has acted to take out disaster insurance policies to protect its assets.
Operational risks arise from all Group operations. Primary responsibility for developing and implementing operational risk controls rests with the entity's management. Responsibility is supported by the development of the Group'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 Group 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 entity's special department.

Taxation risk

The Group has implemented the tax changes on an ongoing basis, but the implementation remains open to tax audit for 5 years and even 7 years from 2009.
The interpretation of the texts and the practical implementation of the procedures of the applicable new tax regulations harmonised with European legislation may vary from entity to entity, and there is a risk that in certain situations the tax authorities may take a different position from that of the Group.
The Group may be subject to tax audits as new tax regulations are issued.

Data **protection and processing risk**

The risk may arise from situations such as accidental loss or alteration of data and unauthorisedaccess to personal data. Regardless of the basis of processing, the Group complies with the obligations laid down in the General Data Protection Regulation (GDPR) - Regulation (EU) 2016/679 including the obligation to inform the data subject at the time of data collection.

The risk of 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.
If the situation of the armed conflict in Ukraine escalates, there is a risk of a partial or total stop of activity, galloping inflation, reduction of trade and investments, increase of taxes and bank interest rates, material destruction and loss of human lives, amplification of the energy and economic crisis.
At the date of this report, management cannot reliably estimate the effects on the Group's financial prospects and cannot exclude negative consequences on its business, operations and financial position. Management believes that it is taking all necessary steps to support the sustainability and growth of the Group's business in the current circumstances and that the business judgements in these financial statements remain appropriate. The risks are as set out above.

32. EVENTS AFTER THE REPORTING DATE

Global geopolitical tensions have escalated significantly following the Russian Federation's military interventions in Ukraine that began the previous year. 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 Group'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 Group's business in the current circumstances and that the business judgements in these financial statements remain appropriate. The risks are as set out above.
Management is also not aware at this date of any events, economic changes or other uncertainties that could materially affect the Group's earnings or liquidity other than those mentioned.
The notes to the financial statements form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 14.03.2024 and were signed by:

Chairman of the Board of Directors,	Economic Director,
Ing. Milut Petre Marian	**Ec. Boitan Daniela**

Statement of the Board of Directors
to PREFAB SA

The Board of Directors of PREFAB SA hereby declares that it assumes responsibility for the preparation of the Consolidated Annual Financial Statements as at 31 December 2023.
The Board of Directors of PREFAB SA confirms the following with regard to the Consolidated Annual Financial Statements as at 31 December 2023:

a) The Consolidated Annual Financial Statements 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 Consolidated Annual Financial Statements comply with applicable accounting regulations.

b) The Consolidated Annual Financial Statements give a true and fair view of the financial position, financial performance and other information relating to the business.

a) The Group operates on a continuous basis.

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

Chairman of the Board of Directors,

Ing. Milut Petre Marian

AUDIT EXPERT S.R.L.

Ploieşti, str. Mircea cel Bătrân, nr. 14 A, Trade Register no. J29/ 68/ 1998 Unique registration code: RO 10117602 Phone/fax: 0244 596 421, e-mail: auditexpert2004@yahoo.com
Authorization of the Chamber of Financial Auditors of Romania no. 50/ 2001

Independent auditor's report

To

PREFAB S.A. BUCHAREST shareholders

Report on the audit of consolidated financial statements

Opinion

1 We audited the attached *consolidated* financial statements of **PREFAB S.A. BUCHAREST** with registered office in Bucharest, Str. Dr. Iacob Felix, nr. 17-19, Etaj 2, Sector 1, identified by the unique tax registration code 1916198, and its subsidiaries ("the Group"), which include the consolidated statement of financial position on 31 December 2023, the consolidated statement of profit or loss account and other items of the comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, a summary of the significant accounting policies and other explanatory notes to consolidated financial statements

2 The *consolidated* financial statements on 31 December 2023 are identified as follows:

- Net Asset/ Total Equity: 218.046.877 lei
- Net profit of the financial year: 916.523 lei

3 In our opinion, the attached *consolidated* financial statements provide a true picture of the Company's financial position on 31 December 2023 as well as financial performance and cash flows for the financial year ended on that date, in accordance with the provisions of the Minister of Public Finance Order no. 2844/2016 for the approval of Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union with subsequent amendments.

Basis for the opinion

4 We conducted our audit in accordance with International Standards on Auditing ("ISA"), *EU Regulation no. 537 of the Parliament and the European Council (hereafter "the Regulation")* and 162/2017 Act („the Act''). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report. We are independent of the Company, according to the Ethical Code of Professionals Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), according to the ethical requirements that are relevant for the audit of the financial statements in Romania, including the Regulations and the Act, and we have fulfilled our ethical responsibilities according to these requirements and according to IESBA Code. We

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believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit key issues

5 Key audit issues are those aspects that, based on our professional judgment, have been of the highest importance for the audit of the current period's financial statements. These issues have been addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them and we do not provide a separate opinion on these key issues.We believe that there are no key audit issues to be communicated in our report.

Other Information

6 The administrators are responsible for compiling and presenting other information. That other information includes the Report of Administrators, the Remuneration Report and the information contained in the Annual Report but does not include the consolidated financial statements and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover this other information, and unless expressly stated in our report, we do not express any assurance about it.

With regard to the audit of the consolidated financial statements for the year ended 31 December 2023, it is our responsibility to read that other information and, in this regard, to assess whether that other information is materially inconsistent with the consolidated financial statements or with the knowledge we have acquired, we obtained during the audit, or if they appear to be significantly distorted.

As far as the Report of Administrators is concerned, we read and report on whether it was drawn up, in all material respects, in accordance with the provisions of the Minister of Public Finance Order no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union with subsequent amendments.

Regarding the Remuneration Report, we read and report if it was prepared, in all significant aspects, in accordance with the provisions of law 24/2017, paragraphs no. 106-107.

Based solely on the activities to be carried out during the audit of the consolidated financial statements, in our opinion:

a) The information presented in the Report of Administrators for the financial year for which the consolidated financial statements were prepared is consistent, in all material respects, with the consolidated financial statements;
b) The Report of Administrators has been prepared in all material respects in accordance with the provisions of the Minister of Public Finance Order no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union with subsequent amendments
c) The Remuneration Report was prepared in all significant aspects, in accordance with the provisions law 24/2017, paragraphs no.106-107. In addition, based on our knowledge and

our understanding with regard at the Group and its environment, acquired in the course of our audit of the consolidated financial statements for the year ended 31 December 2023, we are required to report whether we have identified significant misstatements in the Report of Administrators and the Remuneration Report. We have nothing to report on this issue.

Responsibilities of the management and those responsible for governance for the consolidated financial statements

7 The management of the Group is responsible for preparing the consolidated financial statements to provide a true and fair view in accordance with the provisions of the Minister of Public Finance Order no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union with subsequent amendments and for internal control that management deems necessary to enable the preparation of consolidated financial statements without significant misstatement, whether due to fraud or error.

8 In preparing the consolidated financial statements, management is responsible for evaluating the Group's ability to continue its business, to present, as appropriate, business continuity issues and to use the business continuity accounting, unless the management plans to liquidate the Group or to stop the operations, or to have no other realistic alternative outside of them.

9 The persons responsible for governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities in an audit of financial statements

10 Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to the issuance of an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISA will always detect significant misstatement, if any.
Distortions may be caused either by fraud or by error and are considered significant if reasonable assumptions can be made that they, individually or cumulatively, will influence the economic decisions of users made on the basis of these consolidated financial statements.

11 As part of an audit in accordance with ISA, we exercise professional judgement and we maintain a professional skepticism during the audit. Also:

- We identify and evaluate the risks of material misstatement of financial statements, whether due to fraud or error, we design and execute audit procedures in response to those risks, and obtain sufficient audit evidence to provide a basis for our opinion. The risk of not detecting significant misstatement caused by fraud is higher than the failure to detect a significant misstatement caused by error, as fraud may imply secret, false, deliberate omissions, false statements, and avoidance of internal control.

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- We understand the internal audit relevant to the audit in order to design audit procedures that are appropriate to the circumstances but without the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by management.
- We formulate a conclusion on the adequacy of management's use of accruals based on the continuity of activity and we determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could generate significant doubts about the Group's ability to continue their activity. If we conclude that there is significant uncertainty, we need to draw attention to the auditor's report on the accompanying financial statements or, if these presentations are inappropriate, to change our opinion. Our findings are based on audit evidence obtained by the date of the auditor's report. However, future events or conditions may cause the Group not to continue operating on a business continuity basis.
- We evaluate the presentation, structure and content of the financial statements, including disclosures and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a fair presentation.
- We obtain sufficient and appropriate audit evidence about the financial information of the Group's entities or business activities in order to express an opinion on the consolidated financial statements. We are responsible for our audit opinion.

12 We communicate to those responsible with governance, among other things, the planned area and timing of the audit, as well as the main audit findings, including any significant internal control deficiencies that we identify during the audit.

13 We also provide those responsible with governance with a statement about our compliance with ethical requirements for independence, and communicate to them all relationships and other matters that can reasonably be considered to affect our independence and, where appropriate, related safety measures.

14 Of the issues we have communicated to those charged with governance, we set out those issues that were of greater importance in the audit of the financial statements of the current period and therefore are key aspects of the audit. We describe these issues in our audit report, unless legislation or regulations hinder public disclosure of the issue, or where, in extremely rare circumstances, we consider that an issue should not be communicated in our report because it is anticipated in that the benefits of the public interest are outweighed by the negative consequences of this communication.

Report on other legal and regulatory provisions

15 We were appointed by the General Meeting of Shareholders on 27.04.2021 to audit the financial statements of PREFAB S.A. Bucharest for the financial year ended December 31, 2021. The uninterrupted total duration of our commitment is 4 years, covering the financial years from 2021 to December 2024.
We confirm that:

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- Our audit opinion is consistent with the additional report submitted to the Company's Audit Committee, wich we issued this report. Also, in conducting our audit, we have maintained our independence from the audited entity.
- We did not provide for the Group **the non-audited services** referred to in Article 5 (1) of EU Regulation no. 537/2014.

Report on other legal and regulatory provisions - Report on compliance with the requirements of the ESEF Regulation

16 In accordance with Law no. 162/2017 regarding the statutory audit of the annual financial statements and the consolidated annual financial statements and amending some normative acts, we are asked to express an opinion regarding the compliance of the consolidated financial statements, included in the consolidated annual report with the requirements of the Delegated Regulation (EU) 2018/815 of the Commission of December 17, 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council regarding regulatory technical standards regarding the specification of a single electronic reporting format ("RTS requirements regarding ESEF").

Management responsibilities

17 The Company's management is responsible for drawing up the consolidated financial statements in digital format that comply with RTS requirements regarding ESEF. This responsibility includes:
• preparation of consolidated financial statements in the applicable xHTML format;
• selecting and applying the appropriate iXBRL tags, using professional judgment where necessary;
• ensuring the consistency between the digitized information presented in a format that can be read automatically and in a human-readable format and the signed consolidated financial statements; and
• designing, implementing and maintaining relevant internal controls for the application of RTS requirements regarding ESEF.

Responsibilities of the auditor

18 Our responsibility is to express an opinion if the consolidated financial statements included in the annual report respect, in all significant aspects, the RTS requirements regarding ESEF, based on the evidence obtained. We performed our engagement in accordance with International Standard on Assurance Engagements 3000 revised Assurance engagements other than audits or reviews of historical financial information (ISAE 3000), issued by the International Auditing and Assurance Standards Board.
A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence regarding the compliance of the consolidated financial statements with the RTS requirements regarding ESEF. The nature, timing and extent of the selected procedures depend on the professional judgment of the auditor, including the assessment of the significant risks of deviation from RTS requirements regarding ESEF, due to fraud or error.

Our procedures included, among others:
• obtaining an understanding of the labeling process;
• evaluating the design and implementation and testing the effectiveness of the functioning of the relevant controls on the labeling process;
• reconciliation of the labeled data with the Group's consolidated financial statements presented in human-readable digital format and with the signed and audited consolidated financial statements, stamped by us for identification purposes;
• evaluation of the completeness of the labeling of the consolidated financial statements by the Group;
• evaluation of the adequacy of the use by the Group of the iXBRL elements selected from the ESEF taxonomy and the creation of elements of the extended taxonomy in case no suitable element was identified in the ESEF taxonomy;
• evaluation of the use of anchoring in relation to the elements of the extensive taxonomy;
• assessment of the adequacy of the digital format of the consolidated financial statements; and
• evaluation of the concordance between the digitized information presented in a format that can be read automatically and in a human-readable format and the signed and audited consolidated financial statements, stamped by us for identification purposes;
• We believe that the evidence we have obtained is sufficient and adequate to provide a basis for our opinion.

In our opinion, the consolidated financial statements of the Group, included in the consolidated annual report as of and for the financial year ended on 31.12.2023, were drawn up, in all significant aspects, in accordance with RTS requirements regarding ESEF

In this section, we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding the financial statements. Our audit opinion on the Company's consolidated financial statements for the year ended December 31, 2023 is included in the Section on the report on the consolidated financial statements above.

Ploiesti, 22.03.2024

On behalf of
AUDIT EXPERT S.R.L. Ploiesti
registered to the Authority for Public Oversight of the Statutory Audit Activity under the number FA 050

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Firma de Audit: S.C. AUDIT EXPERT S.R.L.
Registrul Public Electronic: FA 050

General Director
Constantin Maria registered to the Authority for Public Oversight of the Statutory Audit Activity under the number AF 184

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: MARIA CONSTANTIN
Registrul Public Electronic: AF 184

Name of signatory
Roman Ileana registered to the Authority for Public Oversight of the Statutory Audit Activity under the number AF 1199

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: ILEANA ROMAN
Registrul Public Electronic: AF 1199

PREFAB SA BUCURESTI - parent company

SOLIDATED BALANCE SHEET PREFAB SA Bucuresti - parent company

INDICATOR NAME	Line no.	Consolidated balance sheet as at 31.12.2022	Consolidated balance sheet as at 31.12.2023
A	B		
A. FIXED ASSETS			
I. INTANGIBLE FIXED ASSETS			
1. Formation expenses (items 201-2801)	1		
2. Development expenditure (ct. 203-2803-2903)	2		
3. Concessions, patents, licences, trademarks, rights	3	31.840	4.585
and similar securities and other intangible fixed assets			
(acct. 2051+2052+208-2805-2808-2905-2908)			
Commercial fund (acct. 2071-2807-2907-2075)	4		
5. Intangible assets in course of construction (acct. 233+234-2933)	5		
TOTAL: (line 01 to 05)	**6**	**31.840**	**4.585**
II. TANGIBLE FIXED ASSETS			
1. Land and buildings (acct. 211+212-2811-2812-2911-2912)	7	147.119.782	148.700.680
2. Technical installations and machinery (acct. 213-2813-2913)	8	50.453.270	48.241.614
3. Other plant, machinery and furniture (acct. 214-2814-2914)	9	37.228	37.166
4. Real estate investments		0	0
Tangible fixed assets in course of construction (acct. 231+232-293	10		
6. Advances for tangible fixed assets	11	4.279.806	7.635.950
TOTAL: (line 07 to 11)	**12**	**201.890.086**	**204.615.410**
III.Biological assets	**13**	**6.049**	**5.014**
IV.Rights of use of leased assets	**14**	**0**	**782.579**
IV. FINANCIAL FIXED ASSETS			
1. Shares held in affiliated entities not included in the consolidation	15	0	0
(acct. 261-2961)			
2. Loans granted to affiliated entities not included in the consolidat	16	0	0
(acct. 2671+2672-2965)			
3. Participating interests (acct. 263-2963) held in entities not incluc	17	0	0
4. Loans granted to entities with which the company is linked by vi	18		
(acct. 2673+2674-2965)		0	0
5. Investments held as fixed assets (acct.265-2963)	19		
6. Other loans (acct.2675+2676+2678+2679-2966-2968)	20	300	300
IV. SECURITIES PUT INTO EQUIVALENCE			
TOTAL: (line 15 to 20)	**21**	**300**	**300**
FIXED ASSETS - TOTAL	**22**	**201.928.275**	**205.407.888**
(line 06+12+13+14+21)			
B. CURRENT ASSETS			
I. STOCKS			
1. Raw materials and consumables	23	6.959.120	6.901.284
(acct. 301+3021+3022+3023+3024+3025+3026+3028+			
303+/-308+351+358+381+/-388-391-3921-3922-3951-3958-398)			
2. Production in progress	24	336.710	732.134
(acct. 331+332+341+/-3481+3541-393-3941-3952)			
3. Finished products and goods	25	14.776.936	14.595.647
(acct. 345+346+/-3485+/-3486+3545+3546+356+357+			
361+/-368+371+/-378-3945-3946-3953-3954-3956-3957-396-397-4428)			
4. Advances for stocks		456.240	185.114
TOTAL: (lines 23 to 25)	**26**	**22.529.006**	**22.414.179**
II. RECEIVABLES			
1. Trade receivables	27	38.004.656	35.759.813
(acct. 4092+4111+4118+413+418-491)			

2. Advances paid		37.851	11.432
3. Amounts receivable from affiliated entities not included in the co	28		
(acct. 451-4951)			
4. Amounts receivable from entities with which the company is link	29	0	0
(acct. 453-495)			
5. Other receivables	30	321.043	648.666
(acct. 425+4282+431+437+4382+441+4424+4428+444+			
445+446+447+4482+4582+461+473-496+5187)			
6. Subscribed and unpaid capital	31	0	0
(acct. 456-495)			
TOTAL: (line 27 to 31)	**32**	**38.363.550**	**36.419.911**
III. SHORT-TERM FINANCIAL INVESTMENTS			
1. Shares held in affiliated entities not included in the consolidation	33	0	0
(acct. 501-591)			
3. Other short-term investments	34	0	0
(acct. 505+506+508-595-596-598+5113+5114)			
TOTAL: (line 31 + 32)	35		
IV. HOME AND BANK ACCOUNTS	**36**	**1.673.202**	**639.633**
(acct. 5112+512+531+532+541+542)			
CURRENT ASSETS - TOTAL	**37**	**62.565.758**	**59.473.723**
(line 26+32+36)			
C. ADVANCE EXPENDITURE	**38**	**381.290**	**289.316**
(acct. 471)			
D. DEBTS TO BE PAID WITHIN ONE YEAR			
1. Loans from bond issues	39		
(acct. 161+1681-169)			
2. Amounts due to credit institutions	40	22.806.559	23.169.040
(acct. 1621+1622+1624+1625+1627+1682+5191+5192+			
5198)			
3. Advances received on orders (acct. 419)	41	5.118.512	4.159.228
4. Trade debts (acct. 401+404+408)	42	4.310.007	7.076.838
5. Bills of exchange payable (acct. 403+405)	43		
6. Amounts due to affiliated entities	44		
(acct. 1661+1685+2691+451)			
7. Amounts due to entities with which the company is linked by vir	45		
(acct. 1663+1686+2692+453)			
8. Other liabilities, including tax liabilities and social security liabi	46	2.360.949	4.518.682
(acct. 1623+1626+167+1687+2698+421+423+424+426+			
427+4281+431+437+4381+441+4423+4428+444+446+447+			
4481+4551+4558+456+457+4581+462+473+509+5186+			
5193+5194+5195+5196+5197)			
TOTAL: (line 39 to 46)	**47**	**34.596.027**	**38.923.788**
E. NET CURRENT ASSETS, NET CURRENT LIABILITIES	48	**24.842.309**	**17.717.785**
(line 37+38-47-62-45-62)			
F. TOTAL ASSETS MINUS CURRENT LIABILITIES	**49**	**226.770.584**	**223.190.718**
(line 22+47-61)			
G. DEBTS TO BE PAID IN MORE THAN ONE YEAR		0	0
1. Loans from bond issues	50	0	0
(acct. 161+1681-169)			
2. Amounts due to credit institutions	51	4.328.188	4.282.295
(acct. 1621+1622+1624+1625+1627+1682+5191+5192+			
5198)			
3. Advances received on orders (acct. 419)	52	0	0
4. Trade debts (acct. 401+404+408)	53		
5. Bills of exchange payable (acct. 403+405)	54	0	0
6. Amounts due to affiliated entities not included in the consolidatio	55		
(acct. 1661+1685+2691+451)		0	0

7. Amounts due to entities with which the company is linked by vir	56		
(acct. 1663+1686+2692+453)			
8. Other liabilities, including tax liabilities and	57	459.610	791.683
social security debts			
(acct. 1623+1626+167+1687+2698+421+423+424+426+			
427+4281+431+437+4381+441+4423+4428+444+446+447+			
4481+4551+4558+456+457+4581+462+473+509+5186+			
5193+5194+5195+5196+5197)			
TOTAL: (line 50 to 57)	**58**	**4.787.798**	**5.073.978**
H. PROVISIONS		0	0
1. Provisions for pensions and similar obligations (acct.1515)	59	0	0
2. Provisions for taxes	60	0	0
3. Other provisions (acct. 1511+1512+1513+1514+1518)	61	0	0
TOTAL PROVISIONS: (line 59 to 61)	**62**	**0**	**0**
I. PREPAID INCOME			
(acct. 131+132+133+134+138)	63	**3.508.712**	**3.121.466**
Deferred income (acct. 472)	64	3.508.712	3.121.466
Negative goodwill		0	0
	65	0	0
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. paid-up subscribed capital (acct. 1012)	66	**24.266.709**	**24.266.709**
2. unpaid subscribed capital (acct. 1011)		0	0
3.Adjustments to share capital		0	0
4. other elements of share capital	67	-459.609	-453.897
TOTAL (line 66 to 67)	**68**	**23.807.100**	**23.812.812**
II. CAPITAL PREMIUM			
(acct. 104)	69	14.305.342	14.305.342
III. REVALUATION RESERVES (acct.105)	**70**	**117.173.624**	**117.173.624**
IV. RESERVE			
1. Legal reserves (acct. 1061)	71	6.054.252	6.117.021
2,Statutory or contractual reserves	72	0	0
3.Fair value reserves		0	0
3. Reserves representing the surplus realised on revaluation reserve	73	0	0
(acct. 1063)			
4. Other reserves (acct. 1068)	74	43.753.974	46.195.569
TOTAL (line 77 to 74)	**75**	**49.808.226**	**52.312.590**
Own shares (acct. 109)	**76**	**0**	**0**
V. RESERVES FROM CONVERSION		**0**	**0**
VI.Retained earnings except for retained earnings arising from the first-time adoption of IAS 29 (117)	**77**	**9.579.053**	**9.588.755**
VII.Retained earnings from first-time adoption of IAS 29 (118)		**0**	**0**
VIII. PROFIT OR LOSS FOR THE FINANCIAL YEAR			
Balance C (acct.121)	**78**	**7.766.331**	**916.523**
Sold D (acct. 121)	79	0	0
Profit sharing	80	449.833	62.769
TOTAL EQUITY	**81**	**221.989.843**	**218.046.877**
(line 68+69+75+76-77+78+79-80-81)			
Public assets (acct. 1016)	82	0	0
TOTAL CAPITAL (line 81+82)	**83**	**221.989.843**	**218.046.877**
		264.875.323	265.170.927
		264.882.380	265.166.109
		-7.057	4.818

Chairman of the Board of Directors　　　　Prepared by

S.C. Prefab S.A. Bucuresti -
parent company
Ing. Milut Petre Marian

Economic Dir. - S.C. Prefab S.A. Bucuresti -
parent company
Ec. Daniela Boitan

PREFAB SA BUCURESTI - parent company

Consolidated profit and loss account PREFAB SA Bucharest - parent company

Indicator name	Line no.	Consolidated account at 31.12.2022	31.12.2023
A	B		
1. Net turnover	**1**	**98.658.501**	**115.427.395**
(line 02 to 04)			
Production sold	2	97.050.118	116.689.339
(acct. 701+702+703+704+705+706+708)			
Revenue from sale of goods (acct.707)	3	2.442.132	4.193.931
Trade discounts granted (acct. 709)	4	833.749	5.455.875
Operating subsidy income related to the figure			
of net business	5		
(acct. 7411)			
2. Income from stocks of finished products ------ Balanc	6	0	1.681.242
(acct. 711) Balance D	7	3.030.025	
3. Capitalised production	8	3.314.669	6.951.722
(acct. 721+722)			
4. Other operating income	9	3.706.483	1.607.791
(acct. 758+7417)			
5. Income from real estate investments	10	0	0
OPERATING INCOME - TOTAL	**11**	**102.649.628**	**125.668.150**
5.a) Expenditure on raw materials and			
consumables	12	31.816.918	46.893.230
(acct. 601+602-7412)			
Other material expenditure	13	2.199.288	2.480.166
(acct. 603+604+606+608)			
b) Other external expenditure (energy and water)	14	19.063.051	24.087.710
(acct. 605-7413)			
Expenditure on goods (acct. 607)	15	16.849	226.474
Trade discounts received (acct. 609)	16	356.242	213.723
6. Staff expenditure (line 18+19)	**17**	**17.020.859**	**26.744.850**
a) Wages (acct. 641+ 642-7414)	18	16.532.403	26.123.357
b) Insurance and social protection expenditure	19	488.456	621.493
(acct. 645-7415)			
7.a) Adjustment of the value of tangible fixed assets and	20	9.460.124	9.556.895
intangible			
a.1) Expenditure (acct. 6811+6813)	21	9.460.124	9.556.895
a.2) Revenue (acct. 7813)			
7.b) Adjustment of the value of current assets	22	0	0
b.1) Expenditure (acct. 654+6814)	23	0	0
b.2) Revenue (acct. 754+7814)	24	0	0
8. Other operating expenditure	25	**12.689.477**	**12.493.396**
Expenditure on external benefits	26	7.810.683	10.806.090
(acct. 611+612+613+614+621+622+623+624+625+626+627+			
628-7416)			
8.2. Expenditure on other taxes, duties and charges			
assimilated (acct.635)	27	1.333.101	1.398.335
8.3. Expenditure on compensation, donations and assets			
cedate (acct. 658)	28	3.545.693	288.971
Expenditure on real estate investments	29		
Adjustments to provisions for risks and			
expenses	30		
Expenditure (acct. 6812)	31		
Expenditure on real estate investments	32	0	0
OPERATING EXPENDITURE - TOTAL	**33**	**91.910.324**	**122.268.998**
THE RESULT OF EXPLOITATION:			

Profit	**34**	**10.739.304**	**3.399.152**
Losing	**35**		
9. Income from participating interests	36		
(acct. 7611+7613)		62.575	
- of which, income from affiliated entities	37		
10. Income from other financial investments and receivables			
forming part of fixed assets	38		
(acct. 763)			
- of which, income from affiliated entities	39		
11. Interest income (acct. 766)	40	837	597
- of which, income from affiliated entities	41		
Other financial income	42		
(acct. 762+764+765+767+768)		77.259	147.383
FINANCIAL INCOME - TOTAL	**43**	**140.671**	**147.980**
12. Adjustment to the value of financial fixed assets and financial		0	0
		0	0
	44	0	0
Expenditure (acct. 686)	45	0	0
Revenue (acct. 786)	46	0	0
13. Interest expenditure (acct. 666-7418)	47	1.627.706	1.942.477
- of which, expenses in relation to affiliated entities	48		
Other financial charges	49	129.315	216.716
(acct. 663+664+665+667+668+688)		0	0
FINANCIAL EXPENDITURE - TOTAL	**50**	**1.757.021**	**2.159.193**
FINANCIAL RESULT:			
Profit	**51**	**0**	**0**
Losing	**52**	**-1.616.350**	**-2.011.213**
14. CURRENT RESULT:		**0**	**0**
Profit	**53**	**9.122.954**	**1.387.939**
Losing	**54**		
15. Extraordinary income (acct. 771)	55	0	0
16. Extraordinary expenditure (acct. 671)	56	0	0
17. EXTRAORDINARY RESULT :		0	0
Profit	57	0	0
Losing	58	0	0
TOTAL REVENUE (line 10+42+54)	**59**	**102.790.299**	**125.816.130**
TOTAL EXPENDITURE (line 32+49+55)	**60**	**93.667.345**	**124.428.191**
GROSS RESULT:			
Profit	**61**	**9.122.954**	**1.387.939**
Losing	62	0	0
18. INCOME TAX (acct. 691)	63	1.356.613	471.400
19. Other taxes not shown under the above items (acct. 6	64	0	0
20. NET RESULT FOR THE FINANCIAL YEAR:			
Profit	**65**	**7.766.341**	**916.539**
Losing	**66**		
minority interest		10	16

Chairman of the Board of Directors
Prefab. S.A. Bucuresti -
parent company
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