

PREFAB S.A. BUCURESTI

Preliminary individual financial statements prepared in accordance with International Financial Reporting Standards - for the year ended 31.12.2023

(amounts are expressed in lei)

**Preliminary statement of financial position
on 31 December 2023**

Name of indicators	31.12.2022	31.12.2023
1. Fixed assets, total of which:	202.064.783	205.333.434
1.1 Intangible assets	26.971	3.357
1.2 Tangible fixed assets	201.881.713	205.175.013
1.3 Real estate investments	0	0
1.4 Biological actives	6.049	5.014
1.5 Financial fixed assets	150.050	150.050
2. Current assets, total of which	52.941.801	52.105.319
2.1 Stocks	22.529.006	22.344.207
2.2 Creditor	28.524.401	28.968.079
2.3 Cash and cash equivalents	1.507.104	503.717
3. Expenses in advance	381.290	289.316
Total Active	255.006.584	257.438.753

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4. Equity capital	31.12.2022	31.12.2023
4.1 Subscribed paid-in share capital	24.266.709	24.266.709
4.2 Adjustments to share capital (IAS 29)	0	0
4.3 Other equity items	(458.880)	(453.168)
4.4 Capital premium	14.305.342	14.305.342
4.5 Revaluation reserves	117.173.624	117.173.624
4.6 Legal reserves	6.023.988	6.086.757
4.7 Other reserves	39.161.410	41.614.864
4.8 Own shares	0	0
4.9 Retained earnings (117)	9.552.175	9.552.175
4.10 Retained earnings (118)	0	0
4.11 Profit or loss for the period	7.756.629	906.388
4.12 Profit sharing	(449.833)	(62.769)
Total equity	217.331.164	213.389.922
5. Investment grants	3.508.712	3.121.466
6. Long-term debt, total of which:	4.787.068	5.073.248
1. Amounts due to credit institutions and other debts	4.328.188	4.282.295
2. Other debts	458.880	790.953
Current liabilities, total of which	29.379.640	35.854.117

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1. Trade and other debts	4.743.470	8.360.015
2. Amounts due to credit institutions	22.806.559	23.169.040
3. Current taxes and duties payable	1.829.611	4.325.062
TOTAL LIABILITIES:	255.006.584	257.438.753

General Director,

Ing. Milut Petre Marian

Economic Director,

Ec. Boitan Daniela

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Preliminary profit and loss account as of 31 December 2023

Indicators name	31.12.2022	31.12.2023
1.1 Net turnover	94.456.912	110.240.799
1.2 Change in stocks of finished goods and work in progress	(3.030.025)	1.681.242
1.3 Income from the production of tangible fixed assets	3.314.669	6.951.722
1.4 Income from real estate investments	0	0
1.5 Other income	3.706.483	1.607.674
1. OPERATING INCOME - TOTAL	98.448.039	120.481.437
2.1 Raw materials and consumables used	31.741.610	46.834.676
2.2 Other external expenditure (energy and water)	19.063.051	24.087.710
2.3 Employee benefits expenditure	14.807.399	24.106.405
2.4 Depreciation and amortisation expenses	9.444.496	9.545.776
2.5 Other expenditure	12.762.855	12.640.116
2. OPERATING EXPENDITURE - TOTAL	87.819.411	117.214.683
3. OPERATING PROFIT OR LOSS	10.628.628	3.266.754
4. Financial income	140.594	147.809
5. Financial expenditure	1.757.021	2.159.193
6. FINANCIAL PROFIT OR LOSS	(1.616.427)	(2.011.384)

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7. Total income	98.588.633	120.629.246
8. Total expenditure	89.576.432	119.373.876
9. GROSS PROFIT	9.012.201	1.255.370
10. Corporate tax	1.255.572	348.982
NET PROFIT	7.756.629	906.388

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.

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.

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

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company has been paying close attention to its activities and has acted prudently and responsibly in its management.

The turnover recorded in 2023 is 16.71% higher than in 2022, while the operating result in 2023 is 3,266,754 lei, compared to 10,628,628 lei in 2022. The depreciation is due to the increase in production costs, with an unfavourable impact on the margins obtained.

The financial result recorded in 2023 is -2.011.384 lei, down from -1.616.427 lei recorded in 2022, due to the increase in the interest rate charged on loans contracted, as the company's indebtedness has not changed.

As of 31.12.2023, total revenues amounted to 120,629,246 lei, representing 122.36% of the revenues for the same period of 2022 and total expenses amounted to 119,373,876 lei, representing 133.26% of the expenses for the same period of 2022. In the year 2023 a gross result of 1.255.370 lei and a net result of 906.388 lei is obtained.

The value of fixed assets increased by 1.73%, from 202,064,783 lei (31.12.2022) to 205,550,934 lei (31.12.2023), increase due to investments made in equipment but also for the modernization of production equipment .

The value of current assets and other assets are in the same range of values: 52,941,801 lei (31.12.2022) and 51,887,819 lei (31.12.2023), while the net current assets depreciated from 23,057,366 lei (31.12.2022) to 15,489,240 lei recorded on 31.12.2023.

The total debts of the company increased by 7.25%, from 34,166,708 lei (31.12.2022) to 36,645,070 lei (31.12.2023), an increase due mainly to advances received from customers for pending orders and 1 other debts.

General Director,

Ing. Milut Petre Marian

Economic Director,

Ec. Boitan Daniela

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

The Board of Directors of PREFAB S.A. hereby declares that it assumes responsibility for the preparation of the Preliminary Financial Statements as of 31.12.2023.

The Board of Directors of PREFAB S.A. confirms the following with regard to the preliminary financial statements as at 31.12.2023:

a) The Preliminary Financial Statements as of 31.12.2023 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

b) The accounting policies used in the preparation of the Preliminary Financial Statements as of 31.12.2023 are in accordance with applicable accounting regulations.

b) The Preliminary Financial Statements as of 31.12.2023 give a true and fair view of the financial position, financial performance and other information relating to the business.

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