REPORT OF THE ADMINISTRATORS
SC PREBET AIUD SA for the year 2023
Annual Report according to ASF Regulation no. 5 / 2018

For the financial year **: 2023**
Report date **: 12.04.2024**
Company name **: S.C. PREBET AIUD S.A.**
Registered Office **: Aiud , Judetul Alba , str. Arenei , nr. 10**
Telephone/fax number **: 0258-861661 / 0258-861454**
Unique tax registration code **: RO 1763841**
LEI Code: **254900R0KBC9MDTF1V33**
Order number in the Alba Trade Register **: J/01/121/1991**
Regulated market on which the issued securities are traded**: B.V.B.**
Subscribed and paid-up share capital **- 8.199.547,74 lei lei**
Main characteristics of securities issued **: The company has issued a number of 45,553,043 registered shares with a nominal value of 0.18 lei each, dematerialized.**

1. **Analysis of company activity**

   a. **Description of the basic activity of the company**

SC PREBET AIUD SA's main activity is : **Manufacture of concrete products for construction , CAEN code - 2361.**

The shareholding structure as at 31.12.2023 was as follows:

Shareholder	No. of shares	%
other shareholders Legal entities / others	4.474.853	9,8234 %
GES-GREEN ENERGY SPECIALISTS SRL loc. BISTRITA jud. BISTRITA-NASAUD	10.452.003	22,9447 %
ANODIN OPPORTUNITY SRL, loc. CLUJ NAPOCA, jud. CLUJ	6.346.479	13,9321%
ANODIN ASSETS S.A. loc. CLUJ NAPOCA jud. CLUJ	5.808.000	12,7500 %
ACORD CONSTRUCT ALT SRL loc. BISTRITA jud. BISTRITA-NASAUD	5.460.200	11,9865 %
AUSEL IMOBILIARE S.R.L loc. CLUJ-NAPOCA jud. CLUJ	4.940.114	10,8448 %
other shareholders Physical Persons / others	8.071.394	17.7187 %
TOTAL	**45.553.043**	**100%**

   b. **Specification of the date of establishment of the company**

The commercial company PREBET AIUD S.A. was established in 1991 by taking over the entire patrimony of the former Intreprinderi Prefabricate din beton Aiud (IPB) , established in 1966. The commercial company PREBET AIUD S.A. was organized in its present structure on the basis of Law no.
15/1990 and by HG no. 93/04.02.1991 , being registered at the Trade Register under no. J /01/121/1991.

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

In 2023 there were no significant changes/reorganisations, mergers, divisions or dissolutions.

d. Description of acquisitions and/or disposals of assets

During the year the volume of investments was 13,630,707. Upgrades to the office building (former club), line 4 sleepers and line 1-2 were started/continued, the value of which amounted to 8,334,558 lei.

During the period under review, the company made outflows of fixed assets and furniture/office equipment amounting to
247.112 Ron

During the year the company acquired own shares in the amount of 239,196 Ron. In 2023 Prebet acquired in the last quarter shares of Roca Industry (BVB symbol ROC1) - at the end of the reporting period Prebet held shares in the amount of RON 12,220,200.

At the end of the year, the balance sheet account of FIXED ASSETS showed a 175% increase compared to the beginning of the year.

e. Description of the main results of the evaluation of the company's activity

SC PREBET AIUD SA during the year 2023 has carried out a profitable activity materialized by obtaining profits according to the balance sheet and to be sent to the state institutions (ANAF, ASF and BVB) and published on the website of PREBET AIUD SA.

All this leads to the premise that the continuity of SC PREBET AIUD SA activity in the coming years is assured.

1.1.1. Elements of general evaluation

SC PREBET AIUD SA has prepared its financial statements in accordance with the provisions of OMFP 2844/12 December 2016 *for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards*, in force at the company's annual reporting date, i.e. 31.12.2023. The main indicators, as at 31.12.2023, are:

a)	Gross profit :	7.536.901 lei
b)	Turnover :	59.399.196 lei
c)	Costs (total expenditure):	49,179,079 lei
d)	Operating expenses :	48,473,534 lei
e)	Financial expenses:	705,545 lei
f)	Financial income:	994,737 lei
g)	Operating income:	55,721,241 lei
h)	Total income:	56,715,978 lei

a) Profit

At the end of 2023 the company recorded a net profit of **6.385.787** lei.

b) Turnover

The turnover is **59.399.196 lei.**

c) Export

The company does not export products.

d) Costs

The total operating costs related to the manufactured production are in the amount of 48.473.534 lei on operating income of 55.721.241 lei.

e) Percentage of the market, owned

Due to the diversity of products manufactured and the multitude of precast producers on the domestic market it is difficult to determine the market share of each precast concrete element produced.

f) Liquidity

At the end of the period under review, there was an available balance of **476,529 lei.** Compared to the beginning of the year, the cash flow decreased by 4,665,436 RON.

Liquidity:

- house and bank accounts at the beginning of the period : 5**.141.965 lei**
- house and bank accounts at the end of the period: **476,529 lei**
- cash flow : **- 4,665,436**
- current liquidity **: 0.53.**
- immediate liquidity : **0.34.**

1.1.2. Evaluation of the technical level of the company

S.C. PREBET AIUD S.A. is one of the main producers of concrete elements for construction in our country.

The main products are :

a. Prestressed concrete sleepers for railways
b. Prestressed concrete beams for road and rail bridges
c. Prefabricated for railway and road decks
d. Beams for road bridges with large spans (post compressed)
e. Precast concrete for art works and tunnels
f. Tiles for railway level crossings
g. Prefabricated canal with pockets for overhauling locomotives and wagons
h. Reinforced concrete sleepers for metro and tramway
i. Various prefabricated for structures

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

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

The sales market of the company's products is represented by the domestic market with direct sales to the contractor or subcontractor who has contracted work with the final beneficiary of the requested product.

b. Share of each category of products or services in the company's revenue and total turnover for the last three years:

In 2023 the total volume of prefabricated products was 22,068 m3. The products manufactured by the company can be found in two product categories.

a) reinforced and prestressed concrete sleepers
b) of reinforced and prestressed concrete products
c) concrete ware

Name of products	2022 %	2023 %
Concrete railway sleepers	40.95 %	53,11%
Various concrete products	59.05 %	46,89%
Concrete	0 %	0%

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, SC PREBET AIUD SA 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, by adapting or creating new patterns, according to technical projects.

During 2023 the company paid the advance for the purchase of a new production line for prefabricated beams.

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 the supply of raw materials and materials, spare parts, according to the policy of stocks;
- obtaining the best supply conditions at the time of contracting (quality / price / conditions of payme

Main suppliers of raw materials :

- cement- Holcim Cement
- Concrete steel and S.B. P- D&D Drotaru Hungary
  - Dacotrans
- other raw materials
  - Elis Aggregate
- transport: - Jox Spedition
- sleeper equipment - Vossloh Fastering Systems

The commercial relations with the main suppliers of raw materials are based on the respect of the clauses written in the sale-purchase contracts concluded or extended at the beginning of each year. The choice of the supplier is made on the basis of quality-price ratio, payment terms and the evolution of the market for the product in question.

The sources of supply of material are both domestic and imported from the European Community depending on the type of product manufactured.

1.1.4. Evaluation of sales activity

a. Description evolution sales sequential on market domestic market and/or external and medium and long-term sales prospects

Sales are only made on the domestic market and are somewhat seasonal in nature during the winter months with lower volumes.

Due to climate change in recent years the duration of periods of very low temperatures when no work could be done on the sites, it decreased, which also allowed the delivery of products, and therefore a certain monthly constant turnover.

The medium and long term sales prospects depend on the government's policy on the allocation of financial resources for various works including our products.

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

2022	2023
44. 925.243 lei	**59.399.196**

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

In 2023, the share of the crossings product represented 53.11% of the cargo production volume, up from 40.95% in the previous year. The percentage decrease was achieved in the product category "Other precast concrete elements" with a share of 46.89% (compared to 59.05% last year).

The company has only sold its products on the domestic market throughout the country, except for the Dobrogea area and the south-eastern part of Romania.

Our company's main competitors are :

- Somaco Grup Prefabricate Bucharest
- Macon Deva
- ASA Cons Turda (Consolis)
- Bauelemente
- METABET Pitesti
- Other companies producing concrete and producing concrete elements

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

The market segment in which the company operates is dependent on investments in infrastructure carried out by entities directly or indirectly subordinated to the Romanian State (National Investment Company, National Railway Company).

The number of clients of SC PREBET AIUD SA is quite large, starting with individuals, mayors, commercial companies (including multinational companies executing large-scale works).

In 2023 our main partners were :

- Project Consult with a percentage of 17.53%
- Arcada Company Galati with a percentage of 13.02%
- Europan Prod with a percentage of 8,68 %
- Elis Paving with a percentage of 7.04%
- Assoc. Bawi-Swietelesky with a percentage of 5.90%.

These five companies account for 52.17% of turnover.

The total number of clients was around 150 companies and this shows the importance of high value commercial contracts and therefore strong partners.

The occurrence of financial difficulties or default of one or more customers with which the company conducts significant transactions may have a negative impact on the company's earnings.

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

On 31.12.2023 the average number of employees is 244 and the actual number of employees is 224.

Of the employees at the end of the year, 25 people have higher education, 11 employees have post-secondary education, 170 employees have secondary education and 18 employees have secondary education.

In terms of recruitment and selection of personnel, this period is characterized by a rather limited supply of qualified personnel**, which** is a problem for the company, we refer here to construction engineers, specializing in railways, roads and bridges, as well as electricians, welders, mechanics, etc.

In the future, the company will have to pay special attention to the organisation of qualification courses for interested young graduates, in conjunction with the streamlining of the working style and collaboration between departments.

Throughout 2023, staff performance was constantly monitored and individual targets were set, with quarterly reviews.

Regarding the selection and qualification of personnel, we mention that the suspension in December of GEO 114/2018 with application from 01.01.2019, where tax facilities are provided in the construction materials sector and the increase of the minimum wage per company **have ensured an increase in the competitiveness of the supply of skilled and unskilled labour.**

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

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

1.1.6. Assessment of aspects related to the impact of the issuer's core business on the environment

We consider that the company does not have and will not have environmental problems because the activity carried out is not a polluting activity, proof being the existing environmental permit.

S.C. PREBET AIUD S.A. 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 holdsenvironmental management certificateno. 20183M of 03.04.2020 in accordance with SR EN ISO 14001 :2005.
2. Identifying and keeping under control the environmental aspects associated with all activities taking place within the company, in order to ensure compliance with legal requirements and prevent pollution by :
   - minimising the quantities of waste generated and managing them safely when their occurrence cannot be avoided;
   - improving the quality of the 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 of the company.
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.

1.1.7. Evaluation of research and development activity

The company does not have its own research department related to new products, this is done through the projects of our beneficiaries, which are prepared by institutions specialized in research and design.

The research activity within SC PREBET AIUD SA is carried out through the Technical Production Office and its own Laboratory as well as collaborations with design institutes, with direct implications in increasing the quality of our company's products and services, by improving the manufacturing recipes and optimization schemes in order to increase the work productivity, namely:

- modernization of existing production capacities, improvement of the working microclimate, expansion of the market and of the activity object, automation of technological processes.

1.1.8. Evaluation of the company's risk management activity

1. SC PREBET AIUD SA recorded profits in 2021, 2022 and 2023. From the analysis of the main indicators and the evolution of the company's activity in the first two months of 2024 as well as from the analysis of the contracts signed by the company in the analyzed period, we consider that there will be no problems in the future.

The following categories of risks may have an influence on the company's activity:

Market risk is defined as the risk that changes in market prices, such as foreign exchange rates, interest rates and reduced market demand will affect the Company's revenues. Market risk - the instability of the market for building materials, characterised by a significant drop in demand, a risk that is addressed through market research and marketing policies. Risk of price volatility for electricity, methane gas, metals, diesel, addressed by finding new suppliers or renegotiating contracts with traditional suppliers.

Currency risk is defined as the risk of incurring losses on international commercial contracts or other economic relationships due to changes in the exchange rate of the currency during the period between the conclusion of the contract and its maturity.

Currency risk is the risk of recording losses or not realising the estimated profit due to adverse exchange rate fluctuations. The majority of the Company's financial assets and liabilities are denominated in local currency and therefore exchange rate fluctuations do not significantly affect the Company's business. The result of currency translation does not have a significant impact on the overall result for the period. Although the Company operates in Romania, it is exposed to foreign exchange risk arising from exposure to changes in the exchange rate of the Euro, in which purchases from or deliveries to external partners are denominated. The Company does not protect itself against currency risk related to changes in the Euro exchange rate through forward contracts or other financial derivatives. However, the Company's management regularly reviews the forecasts on the evolution of the LEI/EUR exchange rate and introduces the information thus obtained into the basis of the pricing strategy.

Price risk may arise due to price mismatch in time, between the moment of contract conclusion and the

moment of payment and collection of the amount stated in the contract. This risk may is particularly relevant for long-term contracts. The company does not export products and there is no possibility of not obtaining the expected profit or incurring losses due to changes in international prices between the time of conclusion and the time of finalization of contracts.
In order to counter the price risk related to the supply contracts concluded with customers on the domestic market, the Company carries out analyses and estimates on the evolution of the price of raw materials and materials, utilities and labour costs.

Credit risk is determined by cash and cash equivalents, deposits with credit and other financial institutions, and credit-related exposures to customers for products sold, including unpaid receivables. In the case of credit and other financial institutions, only entities with good reputation and financial soundness on the Romanian financial market are accepted.
In the case of clients, because an independent rating is not available, management assesses the creditworthiness of the client based on their financial position, past experience and other factors. Individual risk limits are established based on internal ratings according to limits set by the Board of Directors. The use of credit limits (ceilings) is regularly monitored.
Adverse changes in the creditworthiness of the Company's customers may adversely affect the Company's ability to collect cash or cash equivalents from sales, which could lead to uncertainties about the continuity of the business, as well as impairments in financial performance indicators through the recognition of impairment adjustments to these assets.
The Company's exposure to credit risk is mainly influenced by the individual characteristics of each client.
Prebet Aiud, due to the specific nature of its activity and the fact that the beneficiaries are companies operating in the construction sector, with a high degree of banking risk, is exposed to this type of risk caused by late payment of invoices or, even worse, insolvency.

The main financial instruments used by the company from which risks on financial instruments arise, are :
- Trade and other receivables
- Cash and cash equivalents
- 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	3.905.705	9.519.265
Short-term investments	0	0
Cash and cash equivalents	5.141.965	476.529
Total	**9.047.670**	**9.995.794**
Debts	**31 December 2022**	**31 December 2023**

Trade and similar debts	9.488.693	19.038.040
Current income tax liabilities	227.312	62.154
Total	**9.716.005**	**19.100.194**

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

Liquidity risk is the risk of losses or unrealised profits resulting from the inability to meet short-term payment obligations at any time without incurring excessive costs or losses that cannot be borne by the Company. The Company's management monitors forecasts of cash requirements to ensure that sufficient cash is available to meet operating requirements. These forecasts take into account financing plans, compliance with contractual agreements and compliance with internal targets for economic and financial management indicators.

Risk of dependence on a small number of clients

The company has a large portfolio of clients, but given the economic sector in which the company operates, there is a dependence on companies that are involved in large infrastructure projects undertaken by the Romanian state (construction of highways, rehabilitation of railways, etc.).

Emerging market risk

Romania is considered an emerging economy. Investors wishing to invest in the shares of an issuer listed on an emerging market should be warned that such an economy presents higher risks compared to a developed economy with an advanced political, legal and financial infrastructure capable of providing effective levers to counteract systemic imbalances that may arise. Although Romania is a member state of the European Union, this status ensuring the prerequisites for the continuity of structural reforms and the improvement of the economic environment, there is a risk that unforeseen events associated with an emerging market economy could significantly affect the Company's activity and its financial prospects. Romania's status as an emerging economy may also result in a slow pace of capital market development, expressed by a slow pace of growth in the value of transactions, capitalisation and/or number of issuers and investors. Other characteristics of an emerging market that may have negative consequences relate to lower liquidity and higher volatility compared to mature capital markets. There may also be a high correlation between the price developments of shares listed on an emerging capital market and developments on mature markets, which means that economic and financial developments in other developed economies may influence price and trading developments on the market where the Company is listed. All of these elements may influence the Company's growth opportunities. Moreover, the Company's business may be influenced by interest rate and exchange rate volatility, which are characteristics of an emerging economy, even if recent developments suggest a certain stability of these financial variables.

The risk of political instability

Political instability may delay the implementation of structural reforms aimed at supporting a sustainable development of Romania's economy and at fostering the creation of an economic and financial infrastructure aimed at increasing the attractiveness of foreign direct and/or portfolio investments. A negative perception of the Romanian political class may influence the volume, nature and structure of foreign and/or domestic investment in Romania. Political instability can have a significant negative effect on resident and non-resident investor confidence, liquidity and capitalisation.

stock market, including the evolution of stock market prices.

The risk of changing tax legislation
Romanian tax legislation is subject to extensive and frequent changes that could adversely affect the Company's activity and/or the gains made by investors from holding or trading shares (increase in taxes, introduction of new taxes, reduction or suspension of tax facilities, etc.). There is a risk that the Company or investors in its shares may be exposed in the future to increased tax rates or new (additional) taxes that could not have been foreseen or estimated at the date of this Report.

Economic and financial risk
The Company's activity, financial situation and prospects depend on the level of development of the Romanian economy and capital market, and implicitly on the volume and value of capital market transactions.
The international political situation affecting world economies and capital markets could have negative and difficult to estimate effects on the Romanian economy, the national currency and the markets where the Company operates, materialized in a decrease in the volume and value of transactions, a decrease in the price of traded financial instruments, etc. The negative effects on the Romanian economy could lead to a decrease in the purchasing power and financial resources of Romanian companies and individuals, including those of investors trading on the market where the Company is listed. Liquidity and price developments on regulated capital markets in Romania are directly or indirectly affected by developments on international capital markets The risk of regional instability due to armed conflicts may also cause substantial financial losses, which are difficult to predict at the time of drafting this Report. The economic outlook is currently threatened by the negative consequences associated with the COVID-19 pandemic, which may also significantly affect downstream or upstream business sectors in relation to the Company's commercial position.

Competition risk
The company believes that there is currently a high risk of competition in the markets where it operates. However, the risk of market penetration of the products supplied and services rendered by the Company should be taken into account by investors when basing their investment decisions in the Company's shares.

Authorisation and licensing risk
The Company's activity is subject to certain authorizations and licenses specific to the sector of activity. Any changes in the conditions to be ensured by the Company or in the requirements for maintaining these authorisations and licences, including changes in the criteria for obtaining or renewing them, may adversely affect the Company's business or financial prospects.

Operational risk is defined as the risk of incurring losses or not achieving expected profits due to internal factors such as inadequate internal operations, inadequate staffing or systems, or external factors such as economic conditions, changes in the capital market, technological developments.
The policies defined to manage operational risk have taken into account each type of event that can generate significant risks and the specific ways in which they manifest themselves, in order to eliminate or mitigate financial losses.
The Board of Directors of the Company has overall responsibility for establishing and overseeing the risk management framework within 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) 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 in such a way as to ensure the identification and analysis of the risks faced by the Company, the establishment of appropriate limits and controls, and the monitoring of risks and compliance with established limits. Risk management policies and systems are regularly reviewed 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.

It is the policy of the Company's management that internal audit activity oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in dealing with various entities.

At the closing date of the financial statements, the company does not have its own audit department nor has it outsourced this service.

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.

The immediate liquidity of the company is 0.33 and the current liquidity ratio is 52.89%.

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

In 2023 the volume of investments amounted to 13,512,887 lei compared to 2,045,004 lei in 2022.

For 2024, an ambitious investment volume of around seven million euros is proposed, the sources of financing being own funds, loans or European funds.

We mention that the investments made in 2022 and 2023 were mainly made from own funds but also from loans.

For the year 2024, the same trend of making investments from own funds (depending on the availability of money) and possibly from other sources (loans, European funds) is maintained.

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

In 2023 the company managed to meet the indicators set out in the Income and Expenditure Budget approved by the AGOA no. 2/26.04.2023.

Thus, total revenues were forecast at 52,039,000 lei, while the realisations were 56,715,978 lei (108.9%).

The total expenditure was foreseen in the BVC at the level of 45.897.000 lei actually realised 49.179.079 lei. (107,1%).

This resulted in a gross profit of 7,536,900 lei, compared to the budgeted 6,142,000 lei (122.7%).

The registered turnover was 59,399,196 lei compared to 52,039,000 lei forecast (114%).

2. Tangible assets of the company

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

All the production capacities of the company are located in its premises with the title deed of the land.
The main production capacities are :

- production hall for concrete sleepers for railway ;
- stand for bridge girders with different sections;
- polygon heavy products ;
- concrete production station ;
- ballast sorting station ;
- hall for the production of precast reinforced concrete ;
- technological line for the production of pre-stressed reinforced beams with lengths up to 40 m.

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

Machinery or production capacities have an average degree of wear. In recent years the company has invested in the modernisation of existing production capacities and the creation of new capacities.

In recent years the company has made a substantial volume of investments so that the average wear and tear at the end of 2023 is 40%.

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 company.

3.1. The securities issued by our company are traded only in Romania, on the main market of the Bucharest Stock Exchange.

3.2. In the last 5 years the dividend distribution situation has been as follows:

- 2018 - dividends in the amount of 945,681 lei were granted.
- 2019 - dividends in the amount of 947,503 lei were granted.
- 2020 - dividends in the amount of 2,000,000 lei were granted.
- 2021 - no dividends were paid.
- 2022 - the proposal of the Board of Directors is not to pay dividends.
- 2023 - the proposal of the Board of Directors is not to pay dividends.

3.3. Description of any activities of the company to acquire its own shares.

Following the resolution of the Extraordinary General Meeting of Shareholders of 26 April 2023, it was approved the implementation of a share buyback programme in compliance with the legal provisions and having the following main characteristics:

a) Purpose of the programme: the company will acquire shares in order to reduce the share capital by cancelling the shares.
b) Maximum number of shares that can be acquired: maximum 2% of the subscribed share capital.
c) Minimum price per share: 1.84 lei in compliance with the legal provisions and regulations on trading in financial instruments

d) Maximum price per share: 2.2 lei
e) Duration of the Programme: from the date of publication of the AGEA Decision in the Official Journal until 31 December 2023.
f) Payment for vested shares will be made out of the distributable profits or available reserves of the company as shown in the last approved annual financial statements, excluding legal reserves.
g) The purchase of the shares will be carried out on the market where the shares are listed or by means of public takeover bids, in accordance with legal provisions.

The AGM of 11.10.2023 approved the modification of the share buyback programme for the reduction of the share capital, approved by the AGM of 26.04.2024, as follows:

a) Purpose of the programme: the company will acquire shares in order to reduce the share capital by cancelling the shares.
b) Maximum number of shares that can be acquired: maximum 2% of the subscribed share capital.
c) Minimum price per share: 1.84 lei in compliance with the legal provisions and regulations on trading in financial instruments
d) Maximum price per share: 2.4 lei
e) Programme duration: 12.07.2023 - 30.06.2024.
f) Payment for vested shares will be made out of the distributable profits or available reserves of the company as shown in the last approved annual financial statements, excluding legal reserves.
g) The purchase of shares will be carried out on the market where the shares are listed or by means of public takeover bids, in accordance with legal provisions.

At the meeting of the Board of Directors on 24.11.2023 when the notice of the AGM of 17 (18) January 2024 was set, the following was proposed:

- Approval of the early termination of the buy-back programme approved by the AGEA Resolution of 26.04.2023 and amended by the AGEA Resolution of 11.10.2023
- Approval of the cancellation of 91,457 shares of Prebet Aiud S.A., acquired by the Company within the framework of the treasury share acquisition program approved by the AGEA Resolution of 26.04.2023 and amended by the AGEA Resolution of 11.10.2023
- To approve the reduction of the share capital of the Company by cancelling the shares acquired by the Company within the framework of the repurchase programmes carried out.

3.4. If the company has subsidiaries, the number and nominal value of the shares issued by the parent company held by the subsidiary.

This is not the case

3.5. If the commercial company has issued bonds and/or other debt securities, the manner in which the commercial company discharges its obligations to the holders of such securities.

The company has not issued bonds or other debt securities.

At the beginning of 2023 the list of administrators was as follows:

Crt. no.	Name and surname	Function	Profesia
1.	Mathe Francisc	Chairman of the Board	Lawyer

2.	Deceanu Liviu Daniel	Member	Economist
3.	Morutan Iulian Alin	Member	Lawyer
4.	Iosivaș Radu Mircea	Member	Lawyer
5.	Mitrus Marius	Member	Economist

Following the approval, by the AGM of 26.04.2023, of the election of a new Board of Directors, starting from 26.04.2023, the list of directors was as follows:

Crt. no.	Name and surname	Function	Profesia
1.	Mathe Francisc	Chairman of the Board	Lawyer
2.	Deceanu Liviu Daniel	Member	Economist
3.	Morutan Iulian Alin	Member	Lawyer
4.	Iosivaș Radu Mircea	Member	Economist
5.	Oltean Ioan	Member	Lawyer

On 28.12.2023, Mr. Iosivas Radu Mircea resigned as a member of the Board of Directors of PREBET AIUD SA, his mandate ending on 3.12.2023. On 28.12.2023, in accordance with the provisions of art. 137^2 para. (1) of Law no. 31/1990 and the provisions of the Articles of Association of PREBET AIUD SA, the Board of Directors appoints Mr. Parvu Adrian Marcel, a Romanian citizen, as a provisional member, starting from January 1st, 2024 until the meeting of the General Assembly.
Ordinary Shareholders' Meeting PREBET AIUD SA.

4. Company management

4.1. Presentation of the list of company directors as at 31.12.2023:

Crt. no.	Name and surname	Function	Profesia
1.	Mathe Francisc	Chairman of the Board	Lawyer
2.	Deceanu Liviu Daniel	Member	Economist
3.	Morutan Iulian Alin	Member	Lawyer
4.	Iosivaș Radu Mircea	Member	Economist
5.	Oltean Ioan	Member	Lawyer

a) CV (name, surname, age, qualifications, professional experience, etc.)

1) Name: Mathe First
name : Francisc
Age : 47 years
Qualification :

Lawyer
Professional experience : 24 years
Length of service : 4 years
Non-executive member of the Board of Directors: graduated from the Faculty of Law, Babes-Bolyai University, class of 1999.
He was a member of the Board of Directors of several companies and was proposed to SC PREBET AIUD SA by ANODIN ASSETS Cluj-Napoca.

2) Name: Deceanu First
name:Liviu Daniel
Age: 39 Qualification:
Economist
Professional experience : 14 years
Seniority : 3 years
Non-executive member of the Board of Directors: Graduated, Faculty of Economics and Business Management, "Babeș-Bolyai" University Cluj-Napoca (Department: International Economic Relations). Currently holds the position of University Lecturer (International Economic Transactions, European Economics) at the Faculty of Economics and Business Management Cluj.

3) Name :Morutan
First name : Alin
Age : 49 years
old Qualification
: Lawyer
Professional experience :24 years
Seniority : 2 years
Non-executive member of the Board of Directors: he is a graduate of the Faculty of Law, Cluj Napoca, Dimitrie Cantemir Christian University with a degree from Babes Bolyai University - Cluj.
He has been a full lawyer at the Bistrita - Nasaud Bar Association since 2005, until this year he worked as legal advisor at several companies.
He was proposed as a member of the Board of Directors by GES Green Energy Specialists SRL.

4) Name: Mitrus First
name : Marius Age :
44 years old
Qualification :
Economist
Professional experience : 22 years
Seniority : recently appointed in the Board of Directors PREBET AIUD SA Non-executive member of the Board of Directors: graduated from the Academy of Economic Studies Bucharest, specialization in Management and the National Academy ofInformationMihai Viteazul Bucuresti".
He has completed numerous professional development courses and is currently a governor advisor at the Romanian National Bank.

5) Name: Iosivas First
name : Radu Mircea
Age : 47 years old
Qualification : Lawyer
Professional experience : 22 years

Seniority in office: recently appointed to the Board of Directors PREBET AIUD SA Non-executive member of the Board of Directors: graduated Dimitrie Cantemir University, specialization "Principles of Romanian and International Law System".

He has completed numerous professional development courses and is currently a full lawyer at the Bistrita - Nasaud Bar Association since 2005, until this year working as a legal advisor to several companies.

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 trustee.

We don't know

c. The administrator's participation in the company's capital.

On 31.12.2023 the directors hold a number of shares in PREBET AIUD S.A., as follows:

Crt. no.	Name and surname	Number of shares	Percent
1.	Mathe Francisc	-	-
2.	Morutan Iulian Alin	43.399	0,0952 %
3.	Deceau Liviu Daniel	-	-
4.	Mitrus Marius	50.600	0,1110 %
5.	Iosivas Radu Mircea	-	-
6.	Oltean Ioan		

d. List of persons affiliated to the company.

This is not the case.

4.2. Presentation of the list of members of the executive management of the company:

Crt. no.	Name and surname	Function	Profesia
1.	Porutiu Cosmin Alexandru	Director-General	Economist
2.	Kerekes Ioan Csaba	Deputy Director-General	Economist
3.	Morutan Dan-Liviu	Economic Director	Economist

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

Not specified.

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 trustee.

We don't know any connection

c. The participation of the person in the capital of the company.

On 31.12.2023 the members of the executive management held a number of shares in PREBET AIUD S.A., as follows:

Crt. no.	Name and surname	Number of shares	Percent
1.	Porutiu Cosmin Alexandru		
2.	Kerekes Ioan Csaba	101.655	0.2231 %
3.	Morutan Dan Liviu	-	-

4.3. For the persons referred to in points 4.1 and 4.2, details of any litigation or administrative proceedings in which they have been involved in relation to their work with the issuer.

In the last 5 years, the persons listed in items 4.1 and 4.2 have not been involved in litigation or administrative proceedings, except for Mr. Mathe Francisc, Chairman of the Board of Directors, who was fined for non-compliance with the provisions of Art. 90 para. (1) of Law no. 24/2017 by the ASF.

5. Changes affecting the capital and management of the issuer :

During the year, there were changes in the executive management. Following the decision of the Board of Directors no. 13/01.09.2023 Mr. Morutan Dan-Liviu was appointed as Economic Director.
Until September the position of Economic Director was not filled.

There have also been changes in the Board of Directors. At the beginning of the year, the Board was composed of :

- Mathe Francisc - Chairman of the Board of Directors,
- Deceanu Liviu - Member of the Board of Directors,
- Morutan Alin - Member of the Board of Directors,
- Iosivas Radu Mircea - Member of the Board of Directors,
- Marius Mitrus - Member of the Board of Directors.

At the end of the year the structure of the Board of Directors was as follows:

- Mathe Francisc - Chairman of the Board of Directors,
- Morutan Iulian Alin - Member of the Board of Directors,
- Deceanu Liviu - Member of the Board of Directors,
- Oltean Ioan - Member of the Board of Directors,
- Iosivas Radu Mircea - Member of the Board of Directors.

5.1. Situations where the issuer was unable to meet its financial obligations during the period:
This is not the case.

5.2. Amendments concerning the rights of holders of securities issued by the issuer:
Not the case

6. Significant transactions

Following the results of the mandatory public tender offer for the shares issued by Prebet Aiud SA, the significant shareholders as of 31.12.2023 according to the central depositary are the following:

Shareholder	No. of shares	%
other shareholders Legal entities / others	4.474.853	9,8234 %
GES-GREEN ENERGY SPECIALISTS SRL loc. BISTRITA jud. BISTRITA-NASAUD	10.452.003	22,9447 %
ANODIN OPPORTUNITY SRL, loc. CLUJ NAPOCA, jud. CLUJ	6.346.479	13,9321%
ANODIN ASSETS S.A. loc. CLUJ NAPOCA jud. CLUJ	5.808.000	12,7500 %
ACORD CONSTRUCT ALT SRL loc. BISTRITA jud. BISTRITA-NASAUD	5.460.200	11,9865 %
AUSEL IMOBILIARE S.R.L loc. CLUJ-NAPOCA jud. CLUJ	4.940.114	10,8448 %
other shareholders Physical Persons / others	8.071.394	17.7187 %
TOTAL	**45.553.043**	**100**

7. ECONOMIC AND FINANCIAL SITUATION

a. Balance sheet items

Indicators name	**31.12.2022**	**31.12.2023**
Intangible assets	30.546	117.720
Tangible fixed assets	25.514.939	44.821.045
Financial fixed assets	16.576.835	28.797.035
TOTAL FIXED ASSETS	**42.122.320**	**73.735.800**
Stocks	10.213.556	6.079.124
Trade and other receivables	3.905.705	10.219.654
Short-term investments	0	0
Cash and cash equivalents	5.141.965	476.529
Other assets (prepaid expenses)	346.100	14.342
TOTAL CURRENT ASSETS	**19.607.326**	**16.789.649**
1.TOTAL ACTIVE	**61.729.646**	**90.525.449**
Subscribed and paid-up share capital	8.199.548	8.199.548

Adjustments to share capital	56.075.081	56.075.081
Other equity items	(1.183.364)	278.401
Capital premium	0	0
Revaluation reserves	8.399.130	8.204.490
Book	31.450.859	35.878.325
Own shares	(6.741.850)	(6.981.046)
Result carried forward except for resulting from the first-time adoption of IAS 29	6.119.213	5.501.804
Retained earnings arising from the first-time adoption of IAS 29	(60.401.818)	(60.401.818)
Profit at the end of the reporting period	3.574.547	6.385.786
Profit sharing	0	0
2.TOTAL EQUITY	**45.491.347**	**53.140.571**
Long-term loans	0	3.873.755
Deferred income tax debt	563.912	954.604
Debts Leasing		140.299
Dividend payment	127.444	127.444
Investment grants	713.273	547.503
TOTAL LONG-TERM DEBT	**1.404.619**	**5.643.606**
Trade and other payables	9.488.693	19.038.040
Current income tax liabilities	227.312	62.154
Investment grants	165.760	341.111
Related party liabilities		2.080.000
Bank loans	1.996.795	6.677.633
Provisions	245.572	678.646
Other debts	2.709.549	2.863.688
TOTAL SHORT-TERM DEBT	**14.833.680**	**31.741.272**

TOTAL DEBTS	**16.238.300**	**37.384.877**
TOTAL LIABILITIES	**61.729.646**	**90.525.449**

b. Profit and loss account

Indicators name	**31.12.2022**	**31.12.2023**
NET TURNOVER	**44.925.243**	**59.399.196**
Change in stocks of finished goods and work in progress	(1.961.475)	(5.249.144)
Change in production of tangible fixed assets	0	0
Other income	3.902.101	1.571.189
OPERATING INCOME - TOTAL	**46.865.868**	**55.721.241**
Raw materials and consumables used	(20.049.510)	(23.265.208)
Other external expenditure (energy and water)	(1.988.229)	(1.682.065)
Expenditure on employee benefits	(10.515.633)	(15.389.792)
Depreciation and amortisation expenses	(2.765.684)	(2.106.901)
Other expenses	(3.763.052)	(1.870.163)
Expenditure on external services	(4.984.874)	(4.159.105)
OPERATING EXPENDITURE - TOTAL	**(44.066.983)**	**(48.473.534)**
OPERATING PROFIT OR LOSS	**2.798.886**	**7.247.707**
FINANCIAL INCOME	**1.271.964**	**994.738**
FINANCIAL EXPENSES	**(199.927)**	**(705.545)**
FINANCIAL PROFIT OR LOSS	**1.072.037**	**289.193**
TOTAL REVENUE	**48.137.832**	**56.715.979**
TOTAL EXPENDITURE	**(44.266.910)**	**(49.179.079)**
GROSS PROFIT	**3.870.923**	**7.536.900**
CORPORATE TAX	**(505.861)**	**(1.001.778)**
CORPORATE INCOME TAX POSTPONED		**(149.335)**
NET PROFIT	**3.574.547**	**6.385.787**

c. Cash flow

	2023	2022
Pre-tax profit	7,536,900	3,870,923
Adjustments for:		
Depreciation of tangible and intangible fixed assets	2,106,901	2,765,684
Bug fixes	852,919	
Expenses/(income) related to impairment adjustments on stocks	685,544	(808,603)
Expenses/(income) related to adjustments to trade and similar accounts	(1,248,641)	1,287,375
Expenditure/(income) relating to provisions for risks and charges	433,074	(840,528)
Net (gain)/loss on disposal of property, plant and equipment	111,293	(19,411)
(Income) from subsidies	(165,760)	(165,760)
Interest expenditure	529,991	159,033
Interest (income)	(47,643)	(10,464)
Expenditure on financial investments disposed of	104,377	-
Dividend income/financial investments disposed of	(917,901)	(1,246,250)
Cash flow from operating activities before changes in working capital	**9,981,054**	**4,991,999**
(Increases)/Decreases in receivables	(4,364,919)	3,899,765
(Increases)/Decreases in advance expenditure	331,758	(346,100)
(Increases)/Decreases in stocks	3,448,888	6,021,238
Increases/(decreases) in debt	5,019,508	2,674,507
Interest paid	(501,784)	(159,033)
Interest received	47,643	10,464
Corporation tax paid	(1,166,936)	(282,643)
Net cash from operating activities	**12,795,213**	**16,810,197**
Cash flows from investing activities		
Acquisitions of tangible and intangible assets	(15,758,234)	(4,322,893)
Acquisitions of financial fixed assets	(12,324,577)	(3,354,563)
Proceeds from the sale of fixed assets		
(Purchase)/Sale of own shares	(201,735)	(6,741,850)
Other short-term investments		
Loans to related parties	(700,389)	-
Dividend receipts/divested financial investments	917,901	-
Net cash from investing activities	**(28,067,035)**	**(14,419,306)**
Cash flows from financing activities		
Increase/(Decrease) in credit line utilisation	3,765,321	1,996,795
Collection/(Repayment) long-term loan	4,761,065	-
Finance lease payments		
Dividends paid	-	
Loans received from related parties	2,080,000	-
Changes in share capital increase/(decrease)		
Net cash from financing activities	**10,606,386**	**1,996,795**

Net (decrease)/increase in cash and cash equivalents	**(4,665,436)**	**4,387,686**
Cash and cash equivalents at beginning of year finance	**5,141,965**	**754,279**
Cash and cash equivalents at year-end finance	**476,529**	**5,141,965**

d. Signatures

Director general ,
Dl. Cosmin Porutiu

Director economic,

2. Corporate governance

PREBET S.A. Aiud complies with the relevant corporate governance principles applicable to issuers on the regulated market, Standard category, administered by the market operator Bucharest Stock Exchange S.A., in terms of transparency and communication with investors, integrity of the financial reporting process and effectiveness of internal controls. For the current year, the issuer aims to continue formalising internal corporate governance processes, to develop or improve currently applicable policies and procedures and to review the general compliance conditions as described in the BVB Corporate Governance Code applicable to issuers on the regulated market, Standard category.
In the year 2022, the Board of Directors of Prebet Aiud SA held 15 meetings.

Indi-cativ	Provisions of the BVB Code	Compliance full	Compliance partial	Non-compliance	The reason for non-conformity
A.1	All companies must have internal rules of Board which includes the terms of reference/responsibilities of the Board and the key management functions of the company, and which apply, 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.	X			
A.3	Management Board or Supervisory Board must consist of at least five members.	X			

A.4	The majority of the members of the Board of Directors must be non-executive. At least one member of the Board of Directors or the Supervisory Board must be independent in the case of Standard Category companies. In the case of companies in the Premium Category, not less than two non-executive members of the Board of Directors or the The Supervisory Board must be independent. Each independent member of the Management Board or of the Supervisory Board, as appropriate, must submit a declaration at the time of his nomination for election, or	X			
	re-election, and when any change in his status occurs, indicating the elements on the basis of which he is deemed to be independent in character and his judgment				
A.5	Other relatively permanent professional commitments and obligations of a Council member, including executive positions and non-executive directorships on the boards of not-for-profit companies and institutions must be disclosed to shareholders and potential investors before nomination and during its term of office.	X			
A.6	Any member of the Board must disclose to the Board information concerning any relationship with a shareholder who directly or indirectly owns shares representing more than 5% of all the rights voting.	X			
A.7	The company must appoint a Secretary of the Board responsible for supporting the work of the Council.	X			

A.8	The corporate governance statement will inform whether an evaluation of the Board has taken place under the leadership of the Chairman or the nominating committee and, if so, will summarise the key actions and resulting changes. The company must have a policy/guideline on evaluation Council including purpose, criteria and frequency of the process evaluation.			X	The BoD submits an annual activity report to the ordinary general meetings, and its work is reviewed by the general meeting.The company does not have a policy/guideline on the evaluation of the Board, including the purpose, criteria and frequency of the evaluation process, but it is to be made steps in this direction.
A.9	The corporate governance statement should include information on the number of board and committee meetings during the last year, directors' attendance (in person and in absentia) and a report by the Council and	X			
	committees on their activities.				
A.10	The corporate governance statement must include information on the exact number of independent members of the Board of Directors	X			
A.11	The Board of Premium Category companies must establish a nominating committee of non-executive members, which will lead the process of nominating new members to the Board and make recommendations to the Board. The majority of the members of the nomination committee must be independent.			X	This provision does not apply to the Issuer, given the trading market segment (Standard).

B.1	The Board must establish an Audit Committee of which at least one member must be an independent non-executive director. A majority of the members, including the chairperson, must have demonstrated that they have appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have audit experience or proven and proper accounting.	**X**			
B.2	The Chair of the Audit Committee must be a member independent non-executive.	**X**			
B.3	As part of its responsibilities, the Audit Committee must 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 reporting relevant to the attention of the Council.	**X**			
B.5	The Audit Committee must assess conflicts of interest in relation to the company's and its subsidiaries' transactions with related parties.	**X**			

B.6	The Audit Committee should assess the effectiveness of the internal control and risk management system.	X			
B.7	The Audit Committee should monitor the application of legal standards and general internal auditing standards accepted. The Audit Committee shall receive and evaluate the internal audit team reports.	X			
B.8	Whenever the Code mentions reports or reviews initiated by the Audit Committee, these should be followed by regular (at least annual) or ad hoc reports to be submitted later Council.	X			
B.9	No shareholder may be given preferential treatment over other shareholders in relation to transactions and agreements entered into by the company with shareholders and their affiliates.	X			
B.10	The Board must 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 net assets of the Company (as per the latest financial report) is approved by the Board following an opinion mandatory audit committee of the Board 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	This recommendation will be implemented in the Corporate Governance Regulation, which will require approval of such related party transactions by the Board of Directors, based on the opinion provided by Audit Committee.
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 must report functionally to the Board through the audit committee. For administrative purposes and as part of management's obligations to monitor and mitigate risks, it shall must report directly to the Director-General.	X			
C.1	The company must publish the remuneration policy on its website and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review. Any material changes to the remuneration policy must be published in a timely manner on the company's website.			X	The remuneration policy for the Company's employees is established according to the achievement of the proposed objectives, through collective bargaining with the Trade Union (<30% of the total expenses, labour costs, and for the Company's managers it is to be approved at next AGOA
D.1	The company must organise an Investor Relations service - 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		The company has a Shareholder Service, which manages the relationship with investors in the company. The company has a section on its website dedicated to investors - Investor Relations. In order to improve the relationship between the company and its shareholders, the website is being improved. society.
D.1.1	Main corporate regulations: articles of association, procedures for general meetings of shareholders.	X			

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		The professional CVs of the members of the BoD are available, and steps are to be taken to publish any other commitments. and professional positions
					executive and non-executive members of boards of directors of companies or non-governmental institutions. profit.
D.1.3	Current reports and periodic reports (quarterly, half-yearly and annual reports) - 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 relating to 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 responses, including adopted decisions;	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. That information will be published within a timeframe that allows investors to make decisions on investments;	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**		The company publishes quarterly reports on its website and on the BVB website, half-yearly and annual reports of the BoD plus audit reports and annual reports. In the future they'll also be doing press briefings,
					these being announced in time useful to the BVB.
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 and adopted by the Board, in the form of a set of guidelines that the Company shall intends to follow them with regard to the distribution of net profit. The principles of the annual distribution policy to shareholders will be published on the company's website.		X		Dividends are paid based on the net profit from the current year's (reviewed) operations.
D.3	The Company will adopt a policy on forecasts, whether they are made public or not. If made public, forecasts may only be included in annual, semi-annual or quarterly reports. The policy on forecasts will be published on the Company's website.		**X**		
D.4	The rules of general meetings of shareholders must 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 general meeting of shareholders	**X**			

D.5	The external auditors will be present at the general meeting of shareholders when their reports are presented at these meetings.	X			
D.6	The Board will present to the annual general meeting of shareholders a brief assessment of the systems of internal control and significant risk management, as well as opinions on certain matters to be decided by the general meeting.	X			
D.7	Any specialist, consultant, expert or financial analyst can attend the shareholders' meeting by invitation prior approval by the Council. Accredited journalists may	X			
	also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise.				
D.8	Quarterly and half-yearly financial reports will include information in both Romanian and English on key factors influencing changes in the level of sales, operating profit, net profit and other relevant financial indicators, both quarter-on-quarter and and from one year to the next.	X			
D.9	A company will 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 meetings/teleconferences.			X	Steps will now be taken to ensure compliance.

D.10	If a company supports different forms of artistic and cultural expression, sports, 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 activities in this field.		X		The company supports community (donations), charity, cultural and sports activities (Olimpia Aiud) on a local and national level for non-profit entities registered with ANAF, within the limits provided by law. to be tax deductible.

Last revision / update : 12.04.2023

Board of Directors by :

Director general ,
Dl. Cosmin Porutiu

Director economic,

S.C. PREBET S.A. Aiud

INDIVIDUAL ANNUAL FINANCIAL STATEMENTS

for the reporting period ended

31 December 2023

DRAWN UP IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
ADOPTED BY THE EUROPEAN UNION

CUPRINS

STATEMENT OF OVERALL RESULT

for the financial years ending 31 December 2023 and 2022
(all amounts are in LEI, unless otherwise stated)

Description	**Note**	**31-Dec-23**	**31-Dec-22 (restated)**
		READ	READ
Net turnover		**59,399,196**	**44,925,243**
Income from sales	4	59,399,196	44,925,243
Other operating income	4	1,571,189	3,902,101
Change in stocks of finished goods and work in progress	4	(5,249,144)	(1,961,475)
Total operating income		**55,721,241**	**46,865,868**
Expenditure			
Expenditure on raw materials and materials	5	(23,265,208)	(20,049,510)
Energy and water expenditure	5	(1,682,065)	(1,988,229)
Expenditure on external services	5	(4,159,405)	(4,984,874)
Expenditure on employee benefits	5	(15,389,792)	(10,515,633)
Depreciation and impairment of fixed assets	5	(2,106,901)	(2,765,684)
Other operating expenditure	5	(1,870,163)	(3,763,052)
Total operating expenditure		**(48,473,534)**	**(44,066,983)**
Gross operating profit/loss		**7,247,707**	**2,798,886**
Financial income	7	994,737	1,271,964
Financial expenses	7	(705,545)	(199,927)
Financial profit/loss		**289,192**	**1,072,037**
Gross profit		**7,536,900**	**3,870,923**
Deferred tax revenue	9	-	209,485
Tax deferred expenditure	9	(149,335)	-
Current income tax	8	(1,001,778)	(505,861)
Net profit/loss for the current year		**6,385,787**	**3,574,547**
Other comprehensive income			
Items that will not be reclassified to the profit and loss account:		**(241,357)**	**(535,510)**
Change in revaluation reserves			-
Change in current income tax and deferred income tax recognised in equity		(241,357)	(535,510)
Change in fair value of other financial assets remeasured through other comprehensive income		1,703,122	-

Items that can or will be reclassified to the income statement		**-**	**-**
Tax relating to other comprehensive income		-	-
Total other comprehensive income		**1,461,765**	**(535,510)**
Total income statement and other comprehensive income		**7,847,552**	**3,039,037**

General Director
Cosmin Porutiu

Economic Director
Morutan Dan

STATEMENT OF FINANCIAL POSITION

at 31 December 2023 and 2022
(all amounts are in LEI, unless otherwise stated)

Description	**Note**	**31-Dec-23**	**31-Dec-22 (restated)**
		READ	READ
Fixed assets, total of which		**73,735,800**	**42,122,320**
Intangible assets	11	117,720	30,546
Tangible fixed assets	11	44,821,045	25,514,939
Financial fixed assets	12	28,797,035	16,576,835
Current assets, total of which		**16,789,649**	**19,607,326**
Stocks	13	6,079,124	10,213,556
Trade and other receivables	14	9,519,265	3,905,705
Creditor affiliated parties	24	700,389	
Advance expenses	15	14,342	346,100
Cash and cash equivalents	16	476,529	5,141,965
Total assets		**90,525,449**	**61,729,646**
Equity capital			
Share capital	20	8,199,548	8,199,548
Adjustments to share capital	20	56,075,081	56,075,081
Items treated as capital	20	278,401	(1,183,364)
Own shares	20	(6,981,046)	(6,741,850)
Retained earnings except those arising from the first-time adoption of IAS29	22	5,501,804	6,119,213
Retained earnings from first-time adoption of IAS29	22	(60,401,818)	(60,401,818)
Revaluation reserves, net of tax	21	8,204,490	8,399,130
Other reserves	21	35,878,325	31,450,859
Current result		6,385,786	3,574,547
Total equity		**53,140,571**	**45,491,347**
Long-term debt			
Debts with deferred income tax	17	954,604	563,912
Investment grants	17	547,503	713,263
Dividend	17	127,444	127,444
Bank loans and leasing	17	3,873,755	-
Leasing debts	17	140,299	-
Total long-term debt		**5,643,606**	**1,404,619**
Current liabilities			
Trade debts	17	19,038,040	9,488,693
Current income tax liabilities	17	62,154	227,312
Investment grants	17	341,111	165,760
Related party liabilities	24	2,080,000	
Bank loans	17	6,677,633	1,996,795

Provisions	18	678,646	245,572
Other debts	17	2,863,688	2,709,549
Total current liabilities		**31,741,272**	**14,833,680**
Total debts		**37,384,877**	**16,238,300**
Total liabilities and equity		**90,525,449**	**61,729,646**

General Director
Cosmin Porutiu

Economic Director
Morutan Dan

CASH FLOW STATEMENT

for the financial years ending 31 December 2023 and 2022
(all amounts are in LEI, unless otherwise stated)

	2023	2022 (restated)
Pre-tax profit	7,536,900	3,870,923
Adjustments for:		
Depreciation of tangible and intangible fixed assets	2,106,901	2,765,684
Bug fixes	852,919	
Expenses/(income) related to depreciation adjustments on inventories	685,544	(808,603)
Expenses/(income) related to adjustments to trade and similar accounts	(1,248,641)	1,287,375
Expenditure/(income) relating to provisions for risks and charges	433,074	(840,528)
Net (gain)/loss on disposal of property, plant and equipment	111,293	(19,411)
(Income) from subsidies	(165,760)	(165,760)
Interest expenditure	529,991	159,033
Interest (income)	(47,643)	(10,464)
Expenditure on financial investments disposed of	104,377	-
Dividend income/financial investments disposed of	(917,901)	(1,246,250)
Cash flow from operating activities before changes in working capital	**9,981,054**	**4,991,999**
(Increase)/Decrease in receivables	(4,364,919)	3,899,765
(Increases)/Decreases in advance expenditure	331,758	(346,100)
(Increases)/Decreases in stocks	3,448,888	6,021,238
Increases/(decreases) in debt	5,019,508	2,674,507
Interest paid	(501,784)	(159,033)
Interest received	47,643	10,464
Corporation tax paid	(1,166,936)	(282,643)
Net cash from operating activities	**12,795,213**	**16,810,197**
Cash flows from investing activities		
Acquisitions of tangible and intangible assets	(15,758,234)	(4,322,893)
Acquisitions of financial fixed assets	(12,324,577)	(3,354,563)
Proceeds from the sale of fixed assets		
(Purchase)/Sale of own shares	(201,735)	(6,741,850)
Other short-term investments		
Loans to related parties	(700,389)	-
Dividend receipts/divested financial investments	917,901	-
Net cash from investing activities	**(28,067,035)**	**(14,419,306)**

Cash flows from financing activities		
Increase/(Decrease) in credit line utilisation	3,765,321	1,996,795
Collection/(Repayment) long-term loan	4,761,065	-
Finance lease payments		
Dividends paid	-	
Loans received from related parties	2,080,000	-
Changes in share capital increase/(decrease)		
Net cash from financing activities	**10,606,386**	**1,996,795**
Net (decrease)/increase in cash and cash equivalents	**(4,665,436)**	**4,387,686**
Cash and cash equivalents at beginning of financial year	**5,141,965**	**754,279**
Cash and cash equivalents at the end of the financial year	**476,529**	**5,141,965**

General Director
Cosmin Porutiu

Economic Director
Morutan Dan

SITUATION OF CHANGES IN EQUITY

for the financial year ending 31 December 2023
(all amounts are in LEI, unless otherwise stated)

	Share capital	Adjustments to share capital	Items treated as capital	Own shares	Revaluation reserves	Other reserves	Retained earnings from application of IAS29	Retained earnings excluding application of IAS29	Current result and other comprehensive income	Total
Balance on 1 January 2023	**8,199,548**	**56,075,081**	**(1,183,364)**	**(6,741,850)**	**8,399,130**	**31,450,859**	**(60,401,818)**	**6,119,213**	**3,574,547**	**45,491,347**
Other movements in the overall result	-		1,461,765						(1,461,765)	-
Current overall result	-					4,427,466		(4,427,466)	7,847,552	**7,847,552**
Corrections and adjustments	-							(852,919)	852,919	-
Allocations other reserves	-							4,427,466		**4,427,466**
Own shares	-			(239,196)				40,870		**(198,327)**
Transfer current result	-								(4,427,466)	**(4,427,466)**
Transfer revaluation reserve to retained earnings	-				(194,640)			194,640		-
Dividends paid	-									-
Balance 31 December 2023	**8,199,548**	**56,075,081**	**278,401**	**(6,981,046)**	**8,204,490**	**35,878,325**	**(60,401,818)**	**5,501,804**	**6,385,787**	**53,140,572**

General Director
Cosmin Porutiu

Economic Director
Morutan Dan

Statement of changes in equity

for the financial year ending 31 December 2022

(all amounts are in LEI, unless otherwise stated)

	Share capital	**Adjustments to share capital**	**Items treated as capital**	**Own shares**	**Revaluation reserves**	**Other reserves**	**Retained earnings from application of IAS29**	**Retained earnings excluding application of IAS29**	**Current result and other comprehensive income**	**Total**
Balance on 1 January 2022	**8,199,548**	**57,644,064**	**(647,854)**		**8,406,665**	**28,501,867**	**(63,521,958)**	**6,111,678**	**4,201,615**	**48,895,625**
Other movements in the overall result	-		(535,510)						535,510	-
Current overall result	-								3,039,037	**3,039,037**
Corrections and adjustments	-	(1,568,983)				(1,252,623)	3,120,140			**298,534**
Allocations other reserves	-					4,201,615			(4,201,615)	-
Own shares	-			(6,741,850)						**(6,741,850)**
Changes in the revaluation reserve for fixed assets	-									-
Transfer revaluation reserve to retained earnings	-				(7,535)			7,535		-
Dividends paid	-									-
Balance 31 December 2022	**8,199,548**	**56,075,081**	**(1,183,364)**	**(6,741,850)**	**8,399,130**	**31,450,859**	**(60,401,818)**	**6,119,213**	**3,574,547**	**45,491,347**

General Director
Cosmin Porutiu

Economic Director
Morutan Dan

1. FINANCIAL REPORTING

S.C. PREBET AIUD S.A. ("the Company") is a Romanian legal entity, organized as a joint stock company. The Company carries out its activity in accordance with the Romanian laws, with the regulations specific to its field of activity, including those pertaining to the capital market and with the provisions of the Articles of Association. The Company's registered office is in Romania, Aiud, str. Arenei nr. 10, Alba county, postal code 515200. The Company has no secondary offices.

The Company's main activity consists in carrying out construction and assembly works, production and marketing of products and services in the field of communication routes. The main production activity is "*Manufacture of concrete products for construction purposes*" (CAEN Rev.2 Code - 2361).

PREBET AIUD SA is listed on the main market of the Bucharest Stock Exchange. The specific activities of the independent register for S.C.PREBET AIUD SA were carried out by the Central Depository.

These individual financial statements of PREBET AIUD SA are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. According to the regulations of the Order of the Minister of Public Finance no.2844/2016, Romanian listed companies prepare financial statements in accordance with IFRS adopted by the EU. These financial statements are the responsibility of the Company.

The company is not affiliated to any group and presents individual financial statements. The financial statements contain the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Explanatory Notes. The financial statements are prepared on the basis of historical cost or amortised cost, except for available-for-sale financial assets which are measured at fair value. Historical cost is based on the fair value of the consideration given for the assets.

INFORMATION ON THE REPORTING **ENTITY**

The main products made are:

a. Prestressed concrete sleepers for railways
b. Beams for bridges with different lengths and heights
c. Prefabricated for railway and road decks
d. Prefabricated products for road electrification and signalling
e. Precast concrete for art works and tunnels
f. Tiles for railway level crossings
g. Prefabricated canal with pockets for overhauling locomotives and wagons
h. Reinforced concrete sleepers for metro and tramway
i. Various prefabricated for structures

The sales market of the company's products is represented by the domestic market with direct sales to the contractor or subcontractor who has contracted work with the final beneficiary of the requested product.

Sales are only made on the domestic market and are somewhat seasonal in nature during the winter months with lower volumes. Due to climatic changes, in recent years the duration of the period of very low temperatures when no work could be carried out on the construction sites has been greatly reduced, which has also allowed the delivery of prefabricated elements during this season.

The company does not export products.

The medium and long term sales prospects depend on the government's policy regarding the allocation of financial resources for various works including the Company's products.

Share of each category of products or services in the company's revenue and total turnover for the last two years:

Name of products	2023	2022
Concrete railway sleepers	53,11 %	40,95 %
Other precast concrete products	46,89 %	59,05 %

In 2023, the share of the crossings product represented 53.11% of the cargo production volume, up from 40.95% in the previous year. The percentage decrease was achieved in the category "Other precast concrete elements" with a share of 46.89% (compared to 59.05% last year).

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

2023	2022
59,399,196 lei	**44. 925.243 lei**

The Company's main competitors are :

- Somaco Grup Prefabricate Bucharest
- Macon Deva
- ASA Cons Turda (Consolis)
- Bauelemente
- METABET Pitesti
- Other companies producing concrete and producing concrete elements

The market segment in which the company operates is dependent on investments in infrastructure carried out by entities directly or indirectly subordinated to the Romanian State (National Investment Company, National Railway Company).

The number of clients of SC PREBET AIUD SA is quite large, starting with individuals, mayors, commercial companies (including multinational companies that perform large-scale works).

In 2023 our main partners were :

- Project Consult with a percentage of 17.53%
- Arcada Company Galati with a percentage of 13.02%
- Europan Prod with a percentage of 8,68 %
- Elis Paving with a percentage of 7.04%

- Assoc. Bawi-Swietelesky with a percentage of 5.90%.

These five companies account for 52.17% of turnover.

The total number of clients was around 150 companies and this shows the importance of high value commercial contracts and therefore strong partners.

The occurrence of financial difficulties or the default of one or more customers with whom the company has significant transactions may have a negative impact on the company's revenues.

The company is managed in a unitary system, within the meaning of Law 31/1990 on Commercial Companies, the management of the company being ensured by the Board of Directors.

EXECUTIVE MANAGEMENT

Composition of the Board of Directors on 31.12.2023:

Crt. no.	Name and surname	Function	Profesia
1.	Mathe Francisc	Chairman of the	Lawyer
2.	Deceanu Liviu Daniel	Member	Economist
3.	Morutan Iulian Alin	Member	Lawyer
4.	Iosivaș Radu Mircea	Member	Economist
5.	Oltean Ioan	Member	Lawyer

At the date of this report Executive leadership was provided by:

Crt. no.	Name and surname	Function	Profesia
1.	Porutiu Cosmin Alexandru	Director-General	Economist
2.	Kerekes Csaba	Deputy Director-General	Economist
3.	Morutan Dan Liviu	Economic Director	Economist
4.	Bangau Daniel	Economic Director	Economist

During the year, there were changes in the executive management. Following the decision of the Board of Directors, Mr. Morutan Dan Liviu was appointed Economic Director starting September 2023.

The gross remuneration paid to the Board of Directors and Executive Management is shown in the table below:

	For the year ended:

Indicators	31.12.2023	31.12.2022
Salaries/Contracts	1.174.800	759.523
Taxes and contributions	487.452	17.089
TOTAL	**687.348**	**766.612**

SHAREHOLDERSHIP STRUCTURE at31.12.2023:

Shareholder	No. of shares	%
other shareholders Legal entities / others	4.474.853	9,8234 %
GES-GREEN ENERGY SPECIALISTS SRL loc. BISTRITA jud. BISTRITA-NASAUD	10.452.003	22,9447 %
ANODIN OPPORTUNITY SRL, loc. CLUJ NAPOCA, jud. CLUJ	6.346.479	13,9321%
ANODIN ASSETS S.A. loc. CLUJ NAPOCA jud. CLUJ	5.808.000	12,7500 %
ACORD CONSTRUCT ALT SRL loc. BISTRITA jud. BISTRITA-NASAUD	5.460.200	11,9865 %
AUSEL IMOBILIARE S.R.L loc. CLUJ-NAPOCA jud. CLUJ	4.940.114	10,8448 %
other shareholders Physical Persons / others	8.071.394	17.7187 %
TOTAL	**45.553.043**	**100**

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1. Declaration of conformity

The individual financial statements have been prepared by the Company in accordance with the Accounting Law no. 82/1991, as amended and supplemented, the Order of the Minister of Public Finance no.2844/2016 *for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, as amended and supplemented*, applicable to companies whose securities are admitted to trading on a regulated market, Order of the Minister of Public Finance No. 881/2012 *on the application by companies whose securities are admitted to trading on a regulated market of the International Financial Reporting Standards*, Order of the Minister of Public Finance No. Order No. 85 of 26 January 2022 *on the main issues 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 Public Finance, as well as for the amendment and supplementing of some accounting regulations*, with significant accounting policies as well as the valuation bases in force as of the reporting date 31 December 2023. For the previous reporting period ending 31 December 2022, accounting policies and valuation bases consistent with the provisions of the Order of the Minister of Public Finance No. 2844/2016 were applied.

The individual financial statements reflect a true and fair view of the Company's assets, liabilities, financial position and financial performance. The Directors accept responsibility for the preparation of the individual financial statements and confirm in good faith that:

(i) the accounting policies used in the preparation of the annual financial statements comply with the accounting regulations applicable to companies whose securities are admitted to trading on a regulated market;

(ii) the annual financial statements give a true and fair view of the financial position, financial performance and other information relating to the business; and

(iii) The company operates on a going concern basis.

2.2. Continuity of activity

The individual financial statements have been prepared under the historical cost convention and on a going concern basis. The financial statements are presented in lei, which is also the functional currency of the Company.

The market segment in which the company operates is dependent on investments in infrastructure carried out by entities directly or indirectly subordinated to the Romanian State (National Investment Company, National Railway Company).

Although the company has a diversified portfolio of clients, the achievement of the indicators foreseen in the company's income and expenditure budget is conditioned by the high value contracts concluded with companies carrying out road and rail infrastructure works and hence the risk of non-payment or late payment of invoices. Despite the measures taken by Prebet, the exposure on these contracts is high.

The occurrence of financial difficulties or the default of one or more customers with whom the company has significant transactions may have a negative impact on the company's revenues and business.

2.3. Fair value measurement

Fair value disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the relevant notes.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants on the valuation date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability occurs either:

(i) In the main market of the asset or liability

Or,

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The main or most advantageous market must be accessible to the Company.
The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants are acting in their economic interest.

A fair value measurement of a non-financial asset considers the ability of a market participant to generate economic benefits from the most efficient use of the asset or by selling the asset to another market participant that would use the asset in its best use.

2.4. Currency transactions

Foreign exchange transactions

Foreign exchange transactions are converted into the functional currency at the exchange rate on the date of each transaction.

Monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the exchange rate on the reporting date, as communicated by the National Bank of Romania.

Non-monetary assets and liabilities, measured at fair value in a foreign currency, are translated into the functional currency at the exchange rate at the date the fair value was determined. Exchange differences are recognised in the statement of profit or loss. Non-monetary items denominated in a foreign currency and measured on a historical cost basis are not translated.

Foreign exchange transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in the Company's functional currency at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the original transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The exchange rates on 31 December 2023 and 31 December 2022 were:

	31 December 2023	**31 December 2022**
RON - EUR	4,9746	4,9474

The average exchange rates for the periods ending 31 December 2023 and 31 December 2022 were:

	31 December 2023	31 December 2022
RON - EUR	4,9464	4,9313

2.5. Segment reporting

A segment is a component of the Society:

a) which engages in business activities from which it may derive income and incur expenses (including income and expenses related to transactions with other components of the same entity),

b) whose business results are regularly reviewed by the entity's chief operating decision maker in order to make decisions on the allocation of resources to the segment and to assess its performance,

c) for which separate financial information is available.

The company has one operating segment identified according to internal reporting provided to the key decision maker. The key decision maker, who is responsible for allocating resources and assessing segment performance, has been identified as the Board of Directors which makes strategic decisions.

The Board evaluates the performance of the reporting segment based on gross profit indicators. The basis for assessing the indicators excludes discontinued operations and the effects of non-recurring expenses, such as legal expenses or those caused by other non-recurring events. Measurement also excludes the effects of unrealised gains/losses.

Due to the diversity of products manufactured and the multitude of precast producers on the domestic market it is difficult to establish a share for each precast concrete element produced.

2.6. New IFRS standards and interpretations

a) Initial application of new amendments to existing standards in force for the current reporting period

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for reporting periods beginning on or after 1 January 2023:

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Presentation of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023). The Group has revised its accounting policies and applied the concept of "materiality" in the presentation of accounting policies;
- **IFRS 17 New IFRS 17 "Insurance Contracts**" including amendments to IFRS 17 issued by the IASB in June 2020 and December 2021 - no impact on financial statements;
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of accounting estimates (applicable for annual periods beginning on or after 1 January 2023) - no significant impact on the financial statements;
- **Amendments to IAS 12 "Income Taxes"** - Deferred tax assets and liabilities arising from a single transaction (applicable for annual periods beginning on or after 1 January 2023) - no material impact on the financial statements;

b) Standards and amendments to existing standards issued by the IASB and adopted by the EU but not yet effective

- **Amendments to IFRS 16 'Leases**' - Lease liabilities on sale and leaseback (applicable for annual periods beginning on or after 1 January 2024);
- **Amendments to IAS 1 "Presentation of Financial Statements**" - Non-current Liabilities with Agreements (applicable for annual periods beginning on or after 1 January 2024);

c) Standards and amendments to existing standards issued by the IASB but not adopted by the EU

Currently, IFRS as adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, which have not been approved for use in the EU at the date of publication of the consolidated financial statements (the effective dates mentioned below are for IFRS issued by the IASB):

- **Amendments to IAS 7 and IFRS 7 Vendor Financing Arrangements** (effective date set by the IASB: 1 January 2024)
- **Amendments to IAS 21 Non-convertibility** (effective date set by the IASB: 1 January 2025)
- **Amendments to IFRS 14 Deferral accounts for regulated activities** (effective date set by the IASB: 1 January 2016)
- **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 has been deferred indefinitely by the IASB, but early application is permitted)

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 individual financial statements during the period of initial application.

3. PROFESSIONAL ESTIMATES AND REASONING

In preparing these financial statements, management has used judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed periodically. Revisions to estimates are recognised prospectively.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to changes in the market or circumstances beyond the Company's control. Such changes are reflected in the assumptions when they occur.

Significant estimates considered in the preparation of the financial statements are as follows:

(i) estimation of the degree of moral wear and tear, recoverable amount and useful life of fixed assets;
(ii) estimating the net realisable value of raw materials, materials and finished products;
(iii) estimation of financial claims in litigation where the Company is a defendant;
(iv) estimation of corrections in the amount of funds to be received in the framework of projects with European funding;
(v) estimation of sales trends, recoverable amount associated with sales receivables and net realisable value associated with inventories ;
(vi) adjustments for impairment of financial assets

4. TURNOVER AND OTHER OPERATING INCOME

	2023	2022
Finished products sold	59,399,196	44,925,243
Stock variation	(5,249,144)	(1,961,475)
Other income	1,571,189	3,902,101
Total	**55,721,241**	**46,865,868**

5. OPERATIONAL EXPENDITURE

Expenditure	**2023**	**2022**
Expenditure on raw materials and materials	23,265,207	20,049,510
Energy and water expenditure	1,682,065	1,988,229
Total material cost	**24,947,273**	**22,037,739**
Salaries and allowances	15,081,112	10,299,209
Expenditure on insurance and social protection	308,680	216,424
Total staff expenditure	**15,389,792**	**10,515,633**
Depreciation	2,106,901	1,912,766
Total depreciation and amortisation	**2,106,901**	**1,912,766**
Expenditure on external benefits	4,159,405	4,984,874
Expenditure on other taxes, duties and similar charges	336,890	362,025
Other operating expenditure	350,395	301,116
Adjustments to provisions	433,074	306
Value adjustments on current assets	749,804	3,099,605
Total other operating expenditure	**6,029,568**	**8,747,926**

Raw material and material supply prices have recorded sharp upward trends that have not yet stabilised. In general, the sources of supply are secure, with the aim of maintaining a minimum number of 2-3 suppliers per range.

6. EMPLOYEE BENEFITS

Employee benefits are mainly represented by salaries and contributions to Romanian state pension funds, social insurance funds, paid annual leave, sick leave and other bonuses.

On 31.12.2023 the average number of employees was 244 and the actual number of employees was 224. In 2022 the average number of employees was 203 and the actual number of employees on 31 December 2021 was 221.

Company spending on employee benefits:

Indicators	**For the year ended:**	
	31.12.2023	**31.12.2022**
Salaries and allowances	14.545.989	10.076.253
Expenditure on insurance and social protection	843.803	222.956
Expenditure on labour insurance contributions		216.424
TOTAL	**15.389.792**	**10.515.633**

7. FINANCIAL INCOME AND EXPENDITURE

	2023	**2022**
Financial expenses:		
Interest-related expenditure	(529.991)	(159.033)
Expenses on exchange rate differences	(175.554)	(40.894)
Total financial expenditure	**(705.545)**	**(199.927)**
Financial income:		
Income from participating interests (dividends)	464.967	1.246.450
Income from exchange rate differences	29.194	15.250
Interest income	47.643	10.464
Income from financial fixed assets sold	452.934	0
Total financial income	**994.738**	**1.271.964**

Financial income in 2023 is mainly represented by the income from the sale of shares acquired in 2023 by the company. Financial expenses increased compared to the previous year due to interest expenses. During 2023 the company took out an investment loan for the purchase of an automated sleeper production line.

8. INCOME TAX EXPENSES

	Amount	Amount
Indicators	**31.12.2023**	**31.12.2022**
Operating income	54.404.717	43.404.202
Operating expenses	47.157.011	39.752.397
Operating result	**7.247.706**	**4.723.842**
Financial income	994.738	1.271.964
Financial expenses	705.545	199.927
Financial result	289.193	(1072.037)
Gross result	**7.536.899**	**4.723.842**
Income-like items, of which :	194.640	288.186
- items similar to income from other withdrawals	194.640	288.186
- items similar to expenditure on other withdrawals	0	0
Tax depreciation	2.106.901	1.912.766
Deductible legal reserve	0	0
Other deductible amounts	0	13.566
Total deductions	**2.106.901**	**1.926.332**
Other non-taxable income	***1.316.524***	***2.620.833***
Income tax expenses	1.088.959	263.625
Fines, non-deductible penalties	9.916	1.737
Non-deductible protocol expenses	0	0
Expenditure on sponsorships	149.400	200.000
Depreciation expense	2.106.901	1.765.644
Other non-deductible expenditure	230.778	36.650
Expenditure on provisions and reserves in excess of the statutory limit	1.163.600	0
Total non-deductible expenditure	**4.749.554**	**3.900.811**
Total taxable profit	**7.968.709**	**6.470.852**
Total corporate income tax	**1.274.993**	**1.035.336**
Amounts representing sponsorship within the legal limits	**149.400**	**200.000**
Annual income tax	**1.274.993**	**835.336**
Bonus conf. O.U.G. 33/2020	**0**	**0**
Bonus conf. O.U.G. 153/2020	**123.815**	**72.474**
Tax on profit after deduction of the rebate	**1.001.778**	**762.862**
Corporate income tax declared for the reporting year using form 100	**939.624**	**758.768**
Difference in corporation tax due	**62.154**	**4.094**

9. CORPORATE INCOME TAX POSTPONED

The analysis of the deferred tax claims and liabilities is as follows:

	2022	***2023***
Deferred income tax claims:	0	0
Deferred income tax liabilities:	536.421	563.912
Tax debts to be recovered after more than 12 months	536.421	563.912
Tax arrears to be recovered within 12 months	0	0
Net deferred tax	(563.912)	(563.912)
Net deferred income tax assets	(563.912)	(563.912)

The gross change in the deferred income tax account is as follows :

	2022	***2023***
On 1 January	0	0
Profit or loss (credit)/debit account	0	0
Tax (credit)/debit Related to components of other comprehensive income	0	0
At 31 December	0	0
Deferred income tax liabilities:	536.421	536.421
Tax debts to be recovered after more than 12 months	536.421	536.421
Tax arrears to be recovered within 12 months	27.491	31.142
At 31 December		
Net deferred tax	(563.912)	(954.604)
Net deferred income tax assets	(563.912)	(954.604)

10. RESULT PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the average number of ordinary shares in issue during the reporting period.

	2023	**2022**
Profit from continuing operations attributable to equity holders	6.385.787	4.427.466
Average number of ordinary shares issued	45.553.043	45.553.043
Basic earnings per share / Diluted earnings per share	0,1402	0,0972

For the year 2023, the Board of Directors proposed not to pay dividends and to transfer the net profit of 6,385,786 lei to other reserves.

The company has not issued preference shares.

The Company does not hold financial instruments and/or other contracts that give rise to potential ordinary shares.

11. TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible fixed assets

	Land and land development	**Buildings**	**Technical installations and machines**	**Other plant, machinery and furniture**	**Tangible fixed assets in course of construction**	**Other real estate**	**TOTAL**
	Financial year ending 31 December 2022						
Opening net book value	**2.796.493**	**7.554.082**	**13.332.394**	**39.724**	**0**	**123.396**	**23.846.089**
Revaluation increases affecting equity	0	0	0	0	0	0	0
Revaluation write-downs affecting equity	0	0	0	0	0	0	0
Revaluation write-downs with an effect on the profit and loss account	0	0	0	0	0	0	0
Entries	0	0	3.191.326	27.840	3.891.598	1.865.398	8.976.162
Transfers	0	0	0	0	0	0	0
Outputs	0	852.918	97.346	0	2.641.111	1.803.171	5.394.546
Depreciation expense	0	375.511	1.530.267	6.988	0	0	1.912.766
Closing net book value at 31 December 2022	**2.796.493**	**6.325.653**	**14.896.107**	**60.576**	**1.250.487**	**185.623**	**25.514.939**
Cost or valuation	2.796.493	8.608.448	30.087.463	145.530	1.250.487	185.623	43.074.044
Accumulated depreciation and amortisation	0	2.282.796	15.191.357	84.953	0	0	17.559.106
Net book value	**2.796.493**	**6.325.653**	**14.896.106**	**60.576**	**1.250.487**	**185.623**	**25.514.939**

	Land and land development	Buildings	Technical installations and machines	Other plant, machinery and furniture	Tangible fixed assets in course of construction	Other real estate	TOTAL
	Financial year ending 31 December 2023						
Closing net book value at 31 December 2022	**2.796.493**	**6.325.653**	**14.896.106**	**60.576**	**1.250.487**	**185.623**	**25.514.939**
Revaluation increases affecting equity	0	0	0	0		0	0
Revaluation write-downs affecting equity	0	0	0	0		0	0
Revaluation write-downs with an effect on the profit and loss account	0	0	0	0		0	0
Entries	518.019	69.549	1.332.418	24.856	12.580.518	7.534.010	22.067.162
Transfers	0	0		0		0	0
Outputs	0	239.321		7.791	318.018	217.053	782.183
Depreciation expense	0	238.391	1.731.952	739		0	1.971.082
Closing net book value at 31 December 2023	**3.314.512**	**5.917.490**	**14.496.574**	**76.903**	**13.512.987**	**7.502.581**	**44.821.045**
Cost or valuation	3.314.512	7.585.758	31.419.882	162.595	13.512.987	7.502.581	63.498.315
Accumulated depreciation	0	1.668.268	16.923.308	85.692		0	18.677.268
Net book value	**3.314.512**	**5.917.490**	**14.496.574**	**76.903**	**13.512.987**	**7.502.581**	**44.821.045**

The increase in tangible fixed assets in 2023 is due to the acquisition of fixed assets and the reception of the photovoltaic park. Tangible fixed assets in progress amount to 13,512,986 lei and represent the investment in the refurbishment of the office building, the L1 line, crossbeams, outdoor stand and fencing, living spaces for employees, landscaping of outdoor spaces.

The company still has real estate mortgages on land and buildings in favour of BRD GSG

The net book value of fixed assets pledged for the Company's loans is as follows:

	2023	2022
Book value	10.084.920	9.975.064

12. FINANCIAL FIXED ASSETS

The company acquired during 2023 shares in the company ROCA Industry SA, listed on the Bucharest Stock Exchange, in the amount of RON 10,517,078.

As of 31.12.2022, the company records in the balance sheet item Financial fixed assets, other fixed securities, in the amount of 16,576,835 lei, the increase in value being represented by the participation of the company as a shareholder in the operation of increasing the share capital of the company Roca Investments SA. Following this operation, the holding in this entity remained at 4.99% of the share capital.

The above holdings are carried at fair value through other comprehensive income. They have been revalued based on market information as at 31.12.2023.

	Balance at 31 December 2023	**Balance at 31 December 2022**
Other investment securities	28,797,035	16,576,835
Total	**28,797,035**	**16,576,835**

13. STOCKS

31 December 2023	Cost	Adjustments	Net value
Raw materials and consumables	4,206,408	-	4,206,408
Finished products and goods	2,692,772	820,056	1,872,716
Total	**6,899,179**	**820,056**	**6,079,123**

31 December 2022	Cost	Adjustments	Net value
Raw materials and consumables	2.406.151	(0)	2.406.151
Finished products and goods	7.941.916	(134.512)	7.807.404
Total	**10.348.067**	**(134.512)**	**10.213.555**

The main categories of stocks are raw materials, consumables and finished goods.

The cost of stocks includes all costs related to the acquisition as well as other costs incurred to bring the stocks into the form and location in which they are found. The cost of finished products comprises the direct costs of production, i.e. direct materials, energy consumed for technological purposes, direct labour and other direct production costs, and the share of indirect production costs rationally allocated to their manufacture.

At the time of disposal, stocks are valued on the basis of the management price established in the commercial contracts concluded with the suppliers or beneficiaries.

The net value of inventories decreased compared to the previous year due to the streamlining of the purchasing and production processes.

The company accounts for an allowance for inventory depreciation for finished goods older than 1 year. Adjustments for depreciation of inventories, recorded as at 31 December 2023, amount to MDL 820,056.

14. TRADE AND OTHER RECEIVABLES

Receivables are recorded at nominal value and are shown in the analytical accounts for each natural or legal person.

Creator	**Balance at 31 December 2023**	**Balance at 31 December 2022**
Third party trade receivables	11,880,864	7,515,945
Adjustments for impairment of trade receivables	(2,361,599)	(3,610,240)
Creditor affiliated parties	700,389	
Trade receivables, net	**10,219,655**	**3,905,705**

In 2023 the main partners of the Company were :

Project Consult with a percentage of 17.53%
Arcada Company Galati with a percentage of 13.02%
Europan Prod with a percentage of 8,68 %
Elis Paving with a percentage of 7.04%
Assoc. Bawi-Swietelesky with a percentage of 5.90%.
These five companies account for 52.17% of turnover.

The allowance for impairment of receivables outstanding as at 31.12.2023 is 2,361,599 lei and relates to uncertain customers or customers in litigation.

Impairment adjustments for trade and other receivables

The evolution of impairment adjustments is as follows:

	31 December 2023	**31 December 2022**
At the beginning of the period	**3.610.240**	**2.322.865**
Growth	64.260	1.309.278
Decreases/reductions	(1.312.901)	(21.903)
At the end of the period	**2.322.865**	**3.610.240**

According to the Company's policies, the amounts recorded in the impairment adjustment account - representing uncollected receivables from customers for which insolvency proceedings have been initiated, bankruptcy proceedings have been initiated or are over 365 days old - are charged to non-deductible expenses, in full, and upon their partial or total recovery, a non-taxable income is recognized. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. There are no pledged trade receivables for loans taken out by credit institutions.

The reversal of the impairment adjustment on receivables in 2023 was recorded as a result of the collection of old receivables related to a customer.

15. ADVANCE EXPENSES

	Balance at 31 December 2023	Balance at 31 December 2022
Advance expenses	**14,342**	**346,100**
Total	**14,342**	**346,100**

Prepaid expenses are advance payments for utilities.

16. CASH AND CASH EQUIVALENTS

As of 31.12.2022 cash and cash equivalents amount to 5,141,965 lei, increasing compared to the amounts recorded as of 31.12.2021, i.e. 754,279 lei.

	Balance at 31 December 2023	Balance at 31 December 2022
Cash in the cashier	4,196	1,519
Available in the bank	78,813	5,140,446
Accreditation	393,520	0
Total	**476,529**	**5,141,965**

17. TRADE AND OTHER PAYABLES

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 financial income or expense for the period. The current and non-current liabilities reported by the Company at the end of the reporting periods are as follows :

Current liabilities

Specification/indicator	Balance at 31 December 2023	Balance at 31 December 2022
Amounts due to credit institutions	6,667,633	1,996,795
Trade debts	11,169,609	3,519,435
Amounts due to affiliated parties	2,080,000	-
Amounts due to employees	609,507	416,536
Social insurance and other taxes	2,244,253	662,014
Advances received on orders	7,868,431	5,969,258
Investment grants	341,111	165,760
Provisions	678,646	245,572
Other debts	72,083	1,858,312
Total trade and other payables	**31,741,272**	**14,833,680**

Long-term debt

Specification/indicator	Balance at 31 December 2023	Balance at 31 December 2022
Amounts due to credit institutions	4,014,054	-
Debts with deferred income tax	954,604	563,912
Dividend payment	127,444	127,444
Investment grants	547,503	713,263
Total long-term debt	**5,643,666**	**1,404,619**

The company has renewed and increased during 2023 a credit facility from BRD in the maximum amount of 30,000,000 lei which can be used for the issuance of bank letters of guarantee and/or revolving line of credit up to 6,000,000 lei. An investment loan of a maximum amount of 5,900,000 lei was also contracted from BRD through the SME Invest Plus programme for the purchase of an automated sleeper production line, leading to increased production capacity and more efficient management of associated costs. In December 2023 the company purchased through the Rabla Plus programme - 4 Dacia Spring cars through car leasing, for a period of 12 months with a balance of 140.000 lei.

At the end of the year, the value of bank guarantee letters issued was :

valoare	Data emitere/data expirare	moneda	beneficiar	Tip SGB
112,335.75	[09/11/2022] [31/10/2024]	RON	Asocierea FCC-WEBUILD-CONVERSA-Tronson 3	SGB buna executie
415,150.44	[09/11/2023 15/12/2025	RON	SALCEF S.P.A	SGB restituire avans
129.020.00	06/12/2023	EUR	NOVATEC SRL	SGB - de buna plata furnizori
2,770,788.38	[06.10.2023] [15.12.2025]	RON	SALCEF GROUP	SGB - restituire avans

Guarantees allocated to the overall short-term financing ceiling :

a) Mortgage on the accounts opened in the name of the Borrower with the Bank and on their credit balances;

b) Mortgage on the present and future receivables resulting from the commercial contract no. FAC/F0014/18 of 12.03.2018 and the related additional acts, entered into by the Borrower with the FCC-ASTALDICONVENSA, Section 3 Association represented by CONSTRUCTION SA BARCELONA, Bucharest Branch (CUI:RO17060007);

c) Real estate mortgage on the building consisting of land of 1.620 sq.m. and building, located in Aiud, Arenei Street, No. 10, Jud. Alba, registered in the Land Register no. 96640, with cadastral number 96640 (land) and cadastral number 96640-C1, property of the Borrower;

d) Mortgage on the real estate consisting of land of 129.764 sqm and building located in Loc. Aiud, Str. Arenei, Nr. 10, Jud. Alba, registered in the Land Register no. 96641, with cadastral number 96641 (land) and cadastral number of the building from 96641-C1 to 96641-C24, property of the Borrower.

For the SME Invest plus loan, the grantee is the purchased machine and for leasing - its object.

18. PROVIZIOANE

S.C. PREBET AIUD S.A. at the end of 2023 has established the following categories of provisions:

Provisions for wage disputes 96.182 ron

Provisions for performance guarantees : Provisions for guarantees granted to customers are calculated and established in accordance with the commercial terms negotiated with customers.

	Value	**TOTAL**
Balance as of 01 January 2022	846.668	846.668
Constitutions during the period	0	0
Re-entries during the period	(840.834)	(840.834)
Balance at 31 December 2022	**5.834**	**5.834**
Balance as at 01 January 2023	5.834	5.834
Constitutions during the period	0	0
Re-entries during the period	0	0
Balance at 31 December 2023	**5.834**	**5.834**

Other provisions

Other provisions relate to amounts relating to untaken rest leave of staff up to the end of the reporting period.

	Value	**TOTAL**
On 01 January 2022	239.432	239.432
Constitutions during the period	306	306
Re-entries during the period		
On 31 December 2022	239.738	239.738
On 01 January 2023	239.738	239.738
Constitutions during the period	336.892	336.892

Re-entries during the period	0	0
At 31 December 2023	576.630	576.630

19. INVESTMENT GRANTS

The investment grants in balance at 31.12.2023 refer to the project for accessing European funds started in 2014 and completed in 2019 (five years of monitoring), with a balance of 713,263 lei at the end of 2023 compared to 879,023 lei at the beginning of the year. Subsidies for environmental fund, electric cars purchased in December 2023, final balance of 2023, 175,351 lei.

20. SHARE CAPITAL

The total authorized number of ordinary shares issued on 31 December 2022 and 31 December 2023 is 45,553,043 shares, with a nominal value of 0.18 LEI per share. All issued shares are fully paid.
During the year 2023, the share capital of S.C. PREBET AIUD S.A. did not change.
The shares of S.C. PREBET AIUD S.A. are traded on the Bucharest Stock Exchange, at the standard category since 24.09.2015. The price of shares of SC PREBET AIUD SA has varied in the last 52 weeks between a minimum of 1.84 lei/share and a maximum of 3.32 lei/share. On 11.04.2023 the price was 3,22 lei/share**.**
Shareholding structure as at 31.12.2023:

Shareholder	No. of shares	%
other shareholders Legal entities / others	4.474.853	9,8234 %
GES-GREEN ENERGY SPECIALISTS SRL loc. BISTRITA jud. BISTRITA-NASAUD	10.452.003	22,9447 %
ANODIN OPPORTUNITY SRL, loc. CLUJ NAPOCA, jud. CLUJ	6.346.479	13,9321%
ANODIN ASSETS S.A. loc. CLUJ NAPOCA jud. CLUJ	5.808.000	12,7500 %
ACORD CONSTRUCT ALT SRL loc. BISTRITA jud. BISTRITA-NASAUD	5.460.200	11,9865 %
AUSEL IMOBILIARE S.R.L loc. CLUJ-NAPOCA jud. CLUJ	4.940.114	10,8448 %
other shareholders Physical Persons / others	8.071.394	17.7187 %
TOTAL	**45.553.043**	**100**

The shares are registered, issued in dematerialized form, each share having a nominal value of 0.18 lei/share. During the financial year 2023, the nominal value of a share did not change. We mention that the shares of S.C.Prebet Aiud S.A. are traded on the Bucharest Stock Exchange, category I, since 24.09.2015.

The company's share price during 2023 has been on a permanent upward trend. The maximum trading price of Prebet shares in the last 52 weeks was 3.32 lei and the minimum price was 1.84/share.

21. RESERVE

Revaluation reserves

	2023	2022
At the beginning of the period	**8.399.130**	**8.406.665**
Increases/ (reruns)	0	0
Decreases	194.640	7.535
At the end of the period	**8.204.490**	**8.399.130**

Legal reserves

	2023	2022
At the beginning of the period	**1.639.910**	**1.639.610**
Increases/ (reruns)	0	0
Decreases	0	0
At the end of the period	**1.639.910**	**1.639.910**

Other reserves

	2023	2022
At the beginning of the period	**29.810.950**	**26.861.957**
Increases/ (reruns)	4.427.466	4.500.149
Decreases	0	(1.551.157)
At the end of the period	**34.238.416**	**29.810.949**

22. RETAINED EARNINGS

The reported result includes the following components:

	Sold to 31 December 2023	Sold to 31 December 2022
Retained earnings, except for retained earnings arising from the first-time adoption of IAS 29 (ct 117)	6.313.853	6.119.213
Retained earnings from first-time adoption of IAS 29 (ct 118)	(60.401.818)	(60.401.818)
Total	**(54.087.965)**	**(54.282.605)**

23. PROFIT DISTRIBUTION

For the year 2023, the net profit will be distributed according to the AGOA resolution of 29/30 April 2024. The proposal of the Board of Directors for the distribution of the net profit for the year 2023 in the amount of RON is also presented below.

Profit sharing	**Financial year closed on 31 December 2023**	**Financial year closed on 31 December 2023**
Net profit to be distributed	6.385.786	4.427.465
- legal reserve	0	0
- coverage of the loss from the change in accounting policy	0	0
- dividend	0	0
- other reserves	6.385.786	4.427.465

24. TRANSACTIONS WITH RELATED AND CONNECTED PARTIES

Loans to related and connected parties

	Balance at 31 December 2023	Balance at 31 December 2022
Prebet Aggregate	644,489	0
Prebet Logistic	55,500	0
Total	**699,989**	**0**

Borrowings from affiliated and related parties

	Balance at 31 December 2023	Balance at 31 December 2022
Anodin	2,080,000	0
Total	**2,080,000**	**0**

25. COMMITMENTS AND QUOTAS

Guarantees

As at 31 December 2023, the company had granted bank letters of guarantee for a total amount of Ron 3,943,364.

26. RISK MANAGEMENT

26.1. Categories of risks

The Company's operating activities expose it to a variety of financial and non-financial risks, including market risk (including currency risk), credit risk, liquidity risk, tax risk, economic risk and operational risk. The Company's overall risk management programme focuses on the unpredictability of the markets and aims to minimise possible negative effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge certain risk exposures.

The risks and uncertainties described in the following paragraphs may adversely affect, as applicable, the Company's going concern, financial position and performance, prospects, including its ability to pay dividends. Additional risk factors and uncertainties that do not currently exist could, depending on future developments, adversely affect the matters described above.

a) **Market risk** is defined as the risk that changes in market prices, such as foreign exchange rates, interest rates and reduced market demand will affect the Company's revenues. Market risk - the instability of the market for building materials, characterised by a significant drop in demand, a risk anticipated by 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.

b) Currency risk is defined as the risk of incurring losses on international commercial contracts or other economic relationships due to changes in the exchange rate of the currency during the period between the conclusion of the contract and its maturity.

Currency risk is the risk of recording losses or not realising the estimated profit due to adverse exchange rate fluctuations. The majority of the Company's financial assets and liabilities are denominated in local currency and therefore exchange rate fluctuations do not significantly affect the Company's business. The result of currency translation does not have a significant impact on the overall result for the period.

Although the Company operates in Romania, it is exposed to currency risk arising from exposure to changes in the Euro exchange rate, in which purchases from or deliveries to external partners are denominated.

The Company does not hedge against currency risk related to changes in the Euro exchange rate through forward contracts or other financial derivatives. However, the Company's management regularly reviews the forecasts on the evolution of the LEI/EUR exchange rate and incorporates the information thus obtained into the pricing strategy.

c) Price risk may arise due to price mismatch in time, between the moment of contract conclusion and the moment of payment and collection of the amount stated in the contract. This risk may arise particularly in the case of long-term contracts.

The company does not export products and there is no possibility of not obtaining the expected profit or incurring losses due to changes in international prices in the period between the time of conclusion and the time of finalization of contracts.

In order to counter the price risk related to supply contracts concluded with customers on the domestic market, the Company carries out analyses and estimates of the evolution of the price of raw materials and materials, utility and labour costs.

d) Credit risk is determined by cash and cash equivalents, deposits with credit and other financial institutions, and credit-related exposures to customers for products sold, including unpaid receivables. In the case of credit and other financial institutions, only entities with good reputation and financial soundness on the Romanian financial market are accepted.

In the case of clients, because an independent rating is not available, management assesses the creditworthiness of the client based on their financial position, past experience and other factors. Individual risk limits are established based on internal ratings according to limits set by the Board of Directors. The use of credit limits (ceilings) is regularly monitored.

Adverse changes in the creditworthiness of the Company's customers may adversely affect the Company's ability to collect cash or cash equivalents from sales, which could lead to uncertainties about the continuity of the business, as well as impairments in financial performance indicators through the recognition of impairment adjustments to these assets.

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each client.

Prebet Aiud, due to the specific nature of its activity and the fact that the beneficiaries are companies operating in the construction sector, with a high degree of banking risk, is exposed to this type of risk caused by late payment of invoices or, even worse, insolvency.

e) Interest rate risk. The company is exposed to the risk of interest rate increases as it has bank loans. Any increase in interest rates will be reflected in increased finance costs. The Company regularly monitors the market situation in order to anticipate interest rate risk.

f) Liquidity risk is the risk of losses or unrealised profits resulting from the inability to meet short-term payment obligations at any time without incurring excessive costs or losses that cannot be borne by the Company. The Company's management monitors forecasts of cash requirements to ensure that sufficient cash is available to meet operating requirements. These forecasts take into account financing plans, compliance with contractual agreements and compliance with the overall targets for economic and financial management indicators.

g) Taxation risk

The tax system in Romania is subject to various interpretations and permanent changes that can sometimes be retroactive. The tax authorities may take a different position from the Company's position in respect of certain transactions, operations and events and as such may calculate certain additional liabilities, interest and tax penalties. The Company's management believes that it has recorded correct amounts in the accounts for taxes, duties and other liabilities to the State. However, there is a risk that the tax authorities may take a different position from that of the Company.

h) Economic environment risk

The Romanian economy has the specific characteristics of an emerging economy and there is a significant degree of uncertainty regarding the development of the political, economic and social environment in the future. The economic outlook is currently threatened by the negative consequences associated with the COVID-19 pandemic, which may significantly affect even downstream or upstream sectors of activity in relation to the Company's commercial position. The war in Ukraine and the sanctions imposed on the Russian Federation may also have major consequences on the national and global economic environment. The Company's management cannot foresee all the effects of the crisis that will have an impact on the financial sector in Romania nor their potential impact on the present financial statements.

i) The risk of amending legislation

Romanian tax legislation is subject to extensive and frequent changes that could adversely affect the Company's activity. There is a risk that the Company may be exposed in the future to increased tax rates or new (additional) taxes, or to new operational or financial requirements that could not have been foreseen or estimated at the date of preparation of the financial statements.

j) Risk of dependence on a small number of clients

The company has a large portfolio of clients, but given the economic sector in which the company operates, there is a dependence on companies that are involved in large infrastructure projects undertaken by the Romanian state (construction of highways, rehabilitation of railways, etc.).

k) Operational risk is defined as the risk of incurring losses or not achieving expected profits due to internal factors such as inadequate internal operations, inadequate staffing or systems, or external factors such as economic conditions, changes in the capital market, technological developments. The policies defined to manage operational risk have taken into account each type of event that can generate significant risks and the specific ways in which they manifest themselves, in order to eliminate or mitigate financial losses.

26.2. Capital risk management

Management's capital risk management policy focuses on maintaining a strong capital base to support the continued development of the Company and the achievement of its investment objectives.

The objectives related to capital management are to safeguard the Company's ability to continue as a going concern in the future so as to generate profits for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends proposed for distribution to shareholders, return capital to shareholders, issue new equity instruments or sell assets with the aim of reducing debt.

The company monitors capital on the basis of the debt ratio indicator, calculated as the ratio of net debt to total capital. Net debt is calculated by subtracting cash and cash equivalents from total debt. Total capital is calculated by adding net debt to equity.

27. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

The accounting policies adopted by the Company for the preparation of the individual annual financial statements shall apply as from 19.12.2016, the date of entry into force of the new financial reporting framework, namely, the Order of the Minister of Public Finance no.2844/2016 *for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards*, applicable to companies whose securities are admitted to trading on a regulated market. The accounting policies adopted by the Company for the preparation of the individual annual financial statements have also been applied to the individual annual financial statements prepared for the financial year ended 31.12.2022.

27.1. Tangible fixed assets

Non-current assets are assets that generate future economic benefits and are recognised in accordance with IFRS: IAS16, IAS40, IAS38 and IAS36.

Property, plant and equipment recognised as assets are initially measured at cost by the Company. The cost of an item of property, plant and equipment consists of the purchase price, including non-recoverable taxes, less any discounts of a commercial nature and any costs directly attributable to bringing the asset to the location and condition necessary for it to be used for the purpose intended by management, such as: initial delivery and handling costs, installation and packaging costs, professional fees. Tangible fixed assets are classified by the Company into the following classes of assets of the same nature and similar uses:

- Land, land development;
- Buildings and construction;
- Equipment, technical installations and machines;
- Means of transport;
- Tangible fixed assets in course of construction
- Other tangible fixed assets.

Land and buildings are shown at fair value, based on periodic revaluations by independent external valuers (ANEVAR accredited), less subsequent depreciation. Any accumulated depreciation at the revaluation date is removed from the gross carrying amount of the asset and the net value is restored to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Revaluation of tangible fixed assets

The provisions of IAS 38 and IAS 16 are taken into account when revaluing intangible and tangible fixed assets. If intangible and tangible fixed assets are revalued, the gain or loss arising from the revaluation should be reflected in the debit or credit of accounts 1051 'Reserves from revaluation of intangible fixed assets' and 1052 'Reserves from revaluation of tangible fixed assets', as appropriate.

For the accounting treatment, in accordance with IAS 38 and IAS 16, of differences arising on the subsequent revaluation of intangible and tangible fixed assets, account 755 'Income from revaluation of fixed assets' or account 655 'Expenditure on revaluation of fixed assets', as appropriate, shall be used.

Revaluation reserves must be shown for each individual asset and for each revaluation operation that has taken place.

The reduction of revaluation reserves may be made only up to the limit of the existing credit balance relating to the asset concerned.

The revaluation surplus included in the revaluation reserve is capitalised by transferring it to retained earnings (account 1175 'Retained earnings representing realised surplus on revaluation reserves') when the asset is derecognised or as it is used, in accordance with IFRS.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of replaced parts is not recognised. All other repair and maintenance costs are recognised in profit or loss in the reporting period in which they are incurred.

Increases in the carrying amount arising from the revaluation of land and buildings are credited to other comprehensive income and presented as revaluation reserves in equity. Decreases offsetting previous increases in the same asset are recognised in other comprehensive income and debited from revaluation reserves directly to equity. All other decreases are recognised in profit or loss for the reporting period. Amounts recognised in revaluation reserves are transferred to retained earnings at the end of the useful life of the assets or when the assets are sold/disposed of.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Land is not subject to depreciation.

Depreciation of other non-current assets is calculated using the straight-line method to allocate costs or revalued amounts over their estimated useful lives as follows:

Tangible fixed assets	**Duration (years)**
Buildings	8-60
Technological equipment	3-24
Measuring, controlling and regulating apparatus and installations	4-24
Means of transport	4-18
Furniture, office equipment, equipment for the protection of human and material assets	3-18
Construction	8-60

Residual asset values and periods of use are reviewed and adjusted if necessary at the end of each reporting period.

The residual value of an asset is the estimated amount that the Company could obtain by disposing of the asset, less the estimated costs of sale, if the asset had already reached its estimated condition at the end of its useful life. The residual value of an asset is nil if the Company estimates that it will use the asset until the end of its useful life. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Tangible fixed assets that are scrapped or disposed of are removed from the statement of financial position together with the corresponding accumulated depreciation. For the purpose of presentation in the statement of comprehensive income, the gain or loss

arising on the cessation of use or disposal of an intangible asset or property, plant and equipment shall be determined as the difference between the proceeds arising on disposal of the asset and its undepreciated amount, including expenses incurred on derecognition, and shall be presented as a net amount in the statement of comprehensive income in accordance with IAS 38 or IAS 16 respectively.
Tangible fixed assets in course of construction represent unfinished investments made on own account or under contract. Tangible fixed assets in progress are classified as completed fixed assets in accordance with IFRS.

Impairment of tangible and intangible assets

Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impaired non-financial assets are reviewed for possible reversal of impairment at each reporting date.

Financial assets

Recognition and initial assessment

The Company's financial assets are represented by securities held in associated entities and receivables (trade receivables, contract assets, other receivables, cash and cash equivalents).

Financial assets are classified on initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The classification of financial assets on initial recognition depends on the contractual cash flow characteristics of the financial asset and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value, and in the case of a financial asset that is not at fair value through profit or loss, transaction costs are added. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined in accordance with IFRS 15.

Further evaluation

The Company measures financial assets in the nature of receivables at amortised cost using the effective interest method (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company measures financial assets in the nature of investments in associates by remeasuring them at fair value through other comprehensive income.

The Company measures financial assets in the nature of trading equity securities at fair value through profit or loss.

Impairment of financial assets

The Company recognises a provision for expected credit losses on all financial assets attached to debt not held at fair value through profit or loss. For trade receivables and contract assets, the Company applies a simplified approach in calculating expected losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a provision based on expected loss data over the entire life of the receivable at each reporting date. The Company analyses receivables individually and considers the effect of financial guarantees received from insurers in the calculation of expected credit losses.

The analysis of impairment of financial assets in the form of equity securities is made on the basis of available data on their market price at the reporting date.

27.3. Stocks

The entry of inventories is recorded in the accounts on the date on which the recognition conditions laid down in IFRS are met.

In general, the dates of transfer of control, transfer of ownership and delivery coincide. However, there may be time lags, for example for:

- goods sold on consignment or stocks at the customer's disposal;
- pledged stocks delivered to the pledgee creditor, which remain on the debtor's books until they are sold;
- goods received for which an invoice has not yet been received, which must be recorded in the buyer's assets;
- goods delivered and not invoiced, which must be derecognised, the transfer of ownership having taken place;
- goods sold and not yet sold, for which transfer of ownership has taken place, etc.

Inventories are initially recognised at cost and subsequently carried at the lower of cost and net realisable value. Cost comprises all acquisition costs, conversion costs and other costs incurred in bringing inventories to their present location and condition. Cost of production of finished goods consists of raw material costs, direct labour, other direct costs and allocated production overheads in relation to normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less related selling expenses.

The establishment and reversal of adjustments for the write-down of inventories is charged to the profit and loss account.

27.4. Commercial creditor

Trade receivables are amounts due from customers for goods or finished products sold in the normal course of business. If they are expected to be collected within one year or less (or the normal operating cycle), they are classified as current assets. Otherwise, these assets are shown as non-current assets. Amounts due from customers but not invoiced at the end of the reporting period are shown net of advances paid to those customers, if the conditions for offsetting these amounts are met. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less impairment adjustment.

27.5. Short-term investments

Short-term investments are assets held by the Company with a view to realising a profit within a period of less than one year. Short-term investments held by the Company are short-term deposits made with commercial banks and reflected in the cash flow statement as cash and cash equivalents.

27.6. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, cash at bank on demand, other short-term highly liquid investments with original maturities of three months or less, and overdrafts.

At the end of each reporting period, foreign currency cash and other treasury assets, such as foreign currency government securities, letters of credit and foreign currency deposits, are valued at the foreign exchange market rate communicated by the National Bank of Romania on the last banking day of that month.

27.7. Financial debts

Initial recognition

Financial liabilities are classified on initial recognition as financial liabilities measured at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities that are not carried at fair value through profit or loss, net of directly attributable transaction costs, at the transaction date on which the Company becomes a party to the contractual provisions of the instrument.

Further evaluation

Loans and borrowings: interest-bearing loans are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the debts are derecognised and during the amortisation process at the effective interest rate. The amortised cost is calculated taking into account any discount or premium on acquisition and any fees and costs that form an integral part of the effective interest rate. Amortisation at the effective interest rate is included in the income statement under financing costs.

De-recognition

A financial liability is derecognised when the obligation arising from the liability is discharged, cancelled or expires. When an existing financial liability is exchanged for another from the same creditor on substantially different terms or the terms of an existing liability are materially changed, such exchange or change is treated as derecognition of the original liability and recognition of a new liability. The difference between those carrying amounts is recognised in profit or loss.

Clearing of financial instruments

Financial assets and financial liabilities are offset against the net amount reported in the statement of financial position only if there is a current enforceable legal right to set off the recognised amounts and the intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

27.8. Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, when an outflow of resources embodying economic benefits is required to settle the obligation and for which a reliable estimate can be made of the amount of the obligation. Where there are a number of similar obligations, the likelihood that an outflow of resources will be required for settlement is determined by assessing the class of obligations as a whole. The provision is recognised even if the probability of an outflow of resources related to any item included in any class of obligations is low.

Provisions are measured at the present value of the estimated expenditure required to settle the obligation using a pre-tax rate that reflects the current market estimate of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

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.

27.9. Employee benefits

The provisions of IAS 19 are taken into account when accounting for employee benefits.

In the normal course of business, the Company makes payments to the Romanian State on behalf of its employees for health, pension and unemployment funds. All employees of the Company are members of the Romanian State pension plan, which is a fixed contribution plan. These costs are recognised in the profit and loss account at the same time as the recognition of payroll expenses.

Employee benefit obligations are measured on a non-discounted basis and are recognised as an expense as services are rendered. A provision is recognised at the amount expected to be paid for employee benefits in the form of bonuses or employee profit-sharing only if the Company has a present legal or constructive obligation to pay this amount for past services rendered by employees and this obligation can be estimated at fair value. Employee benefits are mainly salaries.

Paid annual leave and sick leave, other bonuses, are accrued during the period in which the related services are rendered by the Company's employees.

27.10. Government subsidies

Government grants are recognised at fair value if there is reasonable assurance that the grant will be received and the Company will comply with all conditions attached. Government grants relating to revenue are deferred and recognised in the income statement over the period of the costs to be offset.

Government grants relating to property, plant and equipment are included in long-term liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the lives of the related assets.

27.11. Current and deferred income tax

There is uncertainty about the interpretation of complex tax regulations, changes in tax law and the amount and timing of future taxable profits.

The Group is subject to corporate income tax in several jurisdictions. There are several transactions and calculations for which the final tax determination is uncertain. The Group will record provisions, if any, for the possible future consequences of tax inspections. If the final tax outcome of these matters differs from the amounts originally recorded, those differences will impact current and deferred income tax receivables and payables in the period in which the difference arises.

27.12. Equity capital

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction of equity from proceeds. Any excess of the fair value of the consideration received over the nominal value of the shares issued is recognised as additional paid-in capital.

Redemption, transfer and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are shown in other reserves. When treasury shares are subsequently sold or reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is shown in share premium. When treasury shares are cancelled, the excess of cost over nominal value is charged to retained earnings.

Dividend

The Group recognises a liability to make cash or non-cash distributions to owners of shares when the distribution is authorised and the distribution is no longer at the discretion of the Group. Under Romanian corporate laws, distribution is authorised when approved by the shareholders. A corresponding amount is recognised directly in equity.

Other equity items

Deferred income tax corresponding to legal reserves and other reserves provided for in the Tax Code is recognised in other comprehensive income.
Income tax which, under IAS 12, is recognised in other comprehensive income, as defined under IFRS, is recognised in account 1034 'Current income tax and deferred income tax recognised in equity', separately for each item, with current income tax and deferred income tax separately monitored. Deferred income tax corresponding to legal reserves and other reserves provided for in the Tax Code is also shown in this account.
In account 1034 "Current income tax and deferred income tax recognised on account of
equity' does not show the income tax relating to retained earnings or other components of equity, but recognises it directly in the respective component of equity.

27.13. Revenue and expenditure recognition

Income

Income is recognised in the income statement when an increase in the future economic benefits associated with an increase in the value of an asset or a decrease in the value of a liability can be measured reliably. Revenue recognition is made simultaneously with the recognition of the increase in assets or decrease in liabilities. The company's revenues are classified into operating revenues and financial revenues.

Operating revenues are mainly represented by revenues related to turnover, revenues related to the cost of production in progress, revenues from the production of fixed assets and revenues from operating subsidies, revenues from provisions and adjustments for impairment or loss of value, deferred income tax revenues, other revenues.

The Company's *financial income* comprises:

a) income from exchange rate differences;
b) interest income
c) other financial income

Interest received on interest-bearing bank deposits made during the current financial year is recorded under financial income. Interest is recognised periodically on a pro rata basis as the income is earned, on an accruals basis. Exchange rate differences arising from transactions carried out by the Company in a currency other than the reporting currency are valued at the exchange rate of the foreign exchange market, communicated by the National Bank of Romania on the last banking day of the month - they are recognised in the accounts under income or expenses from exchange rate differences, as appropriate

***Expenditur*e**

Expenses are recognised in the income statement when a decrease in the future economic benefits associated with a decrease in the value of an asset or an increase in the value of a liability can be measured reliably. Expense recognition occurs simultaneously with the recognition of the increase in the value of liabilities or the decrease in the value of assets. Expenditure accounting is carried out by type of expenditure as follows:

Operating expenses comprising:

- expenditure on stocks;
- expenditure on services provided by third parties;
- expenditure on other taxes, duties and similar charges (other than corporation tax);
- staff expenditure;
- expenditure on insurance and social protection;
- depreciation charges, provisions and adjustments for impairment or loss of value;
- income tax expense (current income tax expense, deferred income tax expense);

Financial expenses, which include:

- unfavourable exchange rate differences;
- interest for the current financial year;
- losses on financial and similar claims.

28. OTHER ASPECTS

Environment

Romania is currently in a period of rapid harmonization of environmental legislation with the European Economic Community legislation in force. As of 31 December 2023, the Company has not recorded any liabilities related to anticipated costs, including legal and consulting fees, studies, design and implementation of environmental remediation plans. The Company does not consider costs associated with environmental issues to be significant.

Transfer price

Romanian tax legislation has contained rules on transfer pricing between related persons since 2000. The current legislative framework defines the "market value" principle for transactions between affiliated persons, as well as the transfer pricing methods. Under the relevant tax legislation, the tax valuation of a related party transaction is based on the concept of the market price of that transaction. Based on this concept, transfer prices must be adjusted to reflect market prices that would have been established between unrelated entities acting independently on the basis of "arm's length conditions". As a result, it is expected that the tax authorities will initiate thorough transfer pricing verifications to ensure that the tax result and/or the customs value of imported goods are not distorted by the effect of prices charged in dealings with related persons. It is likely that transfer price verifications will be carried out in the future by the tax authorities to determine whether these prices comply with the "arm's length" principle and that the Romanian taxpayer's tax base is not distorted. The company cannot quantify the result of such a verification. The company considers that the transactions with related parties were carried out at market values.

Taxation

The tax system in Romania has undergone multiple changes in recent years and is in a phase of adaptation to European Union jurisprudence. As a result, there are still different interpretations of the tax legislation. In certain situations, the tax authorities may treat certain aspects differently, calculating additional taxes and duties and the related interest and late payment penalties.
In 2023 SC PREBET AIUD has established the minimum wage level and the way of taxing employees according to GEO 114 / 2018 and has benefited from the facilities granted to the construction sector according to the tax code (Law 227/2015) the corporate tax rate is 16%, the dividend tax is 8% and the VAT rate is 19%.
Concerning the calculation of corporate income tax, the company benefited from the 11% bonus (amount of 123,815 lei) according to GEO 153/2020.

Russia-Ukraine conflict
The invasion of Ukraine by the Russian Federation and the subsequent global response to these military actions could have a significant impact on a number of companies, in particular companies with physical operations on the territory of Ukraine, Russia and Belarus, but also entities with indirect interests (e.g. those with clients and customers, investments and creditors, with operations on the territory of

these countries). Sanctions imposed on the Russian government, Russian entities and Russian individuals in many jurisdictions could also affect companies, such as through loss of access to financial resources and trade, but also through the collateral effects of sanctions on global prices (e.g. oil, natural gas and other oil products). The effects of the conflict are large-scale and rapidly evolving. Companies that do not have operations in Russia and Ukraine may continue to be affected by the conflict, with effects including, but not limited to:

- Destruction, confiscation or abandonment of tangible and intangible property;
- Sanctions imposed on a company that may impact its ability to operate (e.g. access to funds, banking systems, etc.);
- Sanctions imposed on a company's customers that may impact its ability to sell goods and services and collect debts;
- Sanctions imposed on a company's suppliers that may impact its ability to obtain raw materials, goods and services, or that may indirectly increase its costs of obtaining these items from alternative sources;
- Sanctions imposed on an entity's creditors and/or banks that may limit its ability to access funds and credit;
- Changes in the approach of customers and consumers to companies with links to Russia, Belarus or other jurisdictions linked to the Russian Federation, which could reduce demand for the products of those companies;
- Changes in risk appetite that may lead to lenders and investors withdrawing financial support for Russian-linked companies, resulting in increased liquidity risk and/or doubts about the continued operation of those companies;
- Volatility in the prices of financial instruments and commodities, including oil, natural gas, other oil derivatives and minerals, as well as volatility in foreign exchange rates.

Based on the information available to date, the Company's management has not identified any concrete potential risks related to the Russia-Ukraine conflict and therefore does not expect a significant impact on the current operations at this time. The Company's direct exposure to third parties affected by the sanctions imposed since the conflict began (customers, suppliers, banking institutions with which the Company collaborates, which have been directly affected by the sanctions) does not exist. Indirect exposure (customers, suppliers with whom the Company collaborates, with links to third parties affected by sanctions, as well as risks related to future volatility of commodity prices or exchange rates) is unquantifiable, as the Company's management has not yet received any indication of any significant impact on the Company's business.

Audit of financial statements

The financial statements prepared for the financial year ending 31.12.2023 are audited by the financial audit company S.C. Moldovan&Partners SRL, member of the Chamber of Financial Auditors of Romania (CAFR) with authorization number 612/626/2021, legally represented by Moldovan Sorin.
The financial auditor has not provided prohibited **non-audit services as** referred to in Article 5(1) of EU Regulation 537/2014 to the Company.

29. EVENTS AFTER THE REPORTING DATE

On 12.03.2024, the Company signed a significant contract with the client Arcada in the amount of 48.880.551,60 lei.

On 17.012024, the Company contracted a loan from BCR in the amount of RON 3,300,000, with the object of a loan on object for the financing of the current activity, with non-revolving character, within the limit of a Sub-ceiling representing 100% of the Ceiling, for a period of 12 months and a loan for the refinancing of investments made from own sources (parking lot development), in the amount of RON 2,139,000 for a period of 60 months.

On 19.02.2024, the Company contracted a loan from Anodin for a maximum amount of 4,400,000 lei for the period until 31.08.2024.

By the AGM Resolution no. 230 dated 17.01.2024, a decision was taken to cancel 3,735,700 own shares held by the company.

General Director
Cosmin Porutiu

Economic Director
Morutan Dan

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Declaration of the Board of Administration of PREBET AIUD SA

The Board of Directors of PREBET AIUD SA hereby declares that it assumes responsibility for the preparation of the Financial Statements on December 31, 2023.

The Board of Directors of PREBET AIUD SA confirms, regarding the Financial Statements prepared on December 31, 2023, the following:

a) The Financial Statements as of December 31, 2023 are prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union.
b) The accounting policies used in the preparation of the Financial Statements prepared on December 31, 2023 are in accordance with the applicable accounting regulations.
c) The Financial Statements drawn up on December 31, 2023 provide a true picture of the financial position, financial performance and other information related to the activity carried out.
d) The company carries out its activity under conditions of continuity.
e) We mention that the Financial Statements as of December 31, 2023 were audited by Moldovan & Partners SRL

This declaration is in accordance with the provisions of the Order of the Minister of Public Finance no. 2844 / 2016 with subsequent amendments and additions.

Administrator,

Name and surname: MATHE FRANCISC
Qualification: President of the Board of Directors Qualification:

Signature

prepared,

Name and surname: MORUTAN DAN
Qualification: Economic Director

Signature

Unit stamp

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PROFESSIONAL SERVICES
Accounting, Auditing, Consulting

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PREBET AIUD SA

Report on the financial statements

Opinion with reservations

1 We have audited the accompanying financial statements of Prebet Aiud SA ("the Company") which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes, which comprise a summary of significant accounting policies and other explanatory information. These financial statements relate to:

- Total equity: 53,140,571 lei
- Net profit for the financial year: 6,385,786 lei.

2 In our opinion, except for the effects of the matters referred to in paragraph 4, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Company as of December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance of Romania No. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards as adopted by the European Union as amended and clarified and the accounting policies described in the notes to the financial statements.

Basis for qualified opinion

3 We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are described in more detail in the section "Auditor's Responsibilities for the Audit of Financial Statements" of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to the audit of financial statements in Romania and have fulfilled our ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

4 As at 31 December 2022, the Company has presented in the statement of financial position inventories in the amount of MDL 10,214 thousand (MDL 15,426 thousand as at 31 December 2021), of which finished products and goods in the net amount of MDL 4,807 thousand (MDL 9,187 thousand as at 31 December 2021). During the year, the Company reversed most of the adjustment

for the depreciation of finished goods, without replenishing it at the end of the year. This is in contradiction with the Company's accounting policies, which provide for the recognition of adjustments for the impairment of finished products at the value of existing products in stock that are more than one year old. As at 31 December 2022, the value of these finished goods is 1,342 thousand lei. Therefore, as at 31 December 2022, inventories, respectively current result are overstated by the amount of MDL 1,342 thousand and the position of other operating expenses is understated by the same amount.

Key audit issues

5 The key audit matters are those matters that, based on our professional judgement, were of most significance in the performance of the audit of the current period financial statements. These matters have been addressed in the context of the audit of the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these key audit matters.

KEY ASPECT OF THE AUDIT	**How to approach the audit**
Revenue recognition	
In accordance with International Standards on Auditing, there is an implicit risk in revenue recognition due to the pressure that management may feel to achieve planned results. The Company's main activity is the manufacture and sale of concrete products for construction. Revenue is recognised when control is transferred to the customer, which is generally when the customer receives the goods sold.	Our audit procedures included, among others: • Evaluate processes and internal controls over recorded revenue to ensure their accuracy and completeness; • Reviewing a sample of customer contracts to understand the terms and conditions of delivery and other rights and obligations of the parties; • Examination of the revenue account files, and testing of a sample of these based on supporting documents; • Perform procedures to test whether revenue is recognised in the correct period for a sample of sales recorded near the end of the financial year; • Testing a sample of trade receivables by sending confirmation letters to partners.
Financial assets: acquisition of own shares, as well as acquisition of a minority stake in Roca Investment sa, including participation in a share capital increase, and impairment analysis of the investment	

During 2023, the Company repurchased own shares in the amount of 239 thousand lei. Also, during 202, the Company acquired, both through direct acquisitions and through participation in the share capital increase, a minority stake in Roca Investment sa, with a total value, as at 31 December 2022 and 31 December 2023, of 16,577 thousand lei. The company presents investments in shares at cost. In view of this treatment, the Company considers the need for impairment adjustments to financial fixed assets. Given the high degree of professional judgment required to perform this analysis, we have identified this element of the financial statements as a key aspect of the audit.	Our audit procedures included, among others: • We verified the reality of the share purchases by checking the signed purchase contracts and the payments made; • We verified the reality of the participation in the share capital increase, by checking the AGM approving the increase and the payments made; • We have checked the portfolio sheet from the investment broker, i.e. extracts from the Commercial Register, valid on 31 December 2023, to verify the existence of the respective holdings at year-end; • We compared the value of Roca Investment sa's net book assets at the time of the acquisition of the shares with their value on 31 December 2023 to identify any impairment in value; • We have assessed the adequacy of the disclosures made by the Company in the financial statements about its shareholdings.

Other issues

6 This report is addressed exclusively to the members of the Company as a whole. Our audit was conducted for the purpose of reporting to the Company's shareholders those matters that we are required to report in a financial audit report, and for no other purpose. To the extent permitted by law, we accept and assume responsibility only to the Company and its associates as a whole for our audit, this report or the opinion formed.

Other information

7 Other information includes the Administrator's Report, but does not include the financial statements and our audit report thereon. Management is responsible for other information.

8 Our audit opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

9 In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, to consider whether it is materially inconsistent with the financial statements or the knowledge we have obtained as a result of the audit or whether it appears to contain material misstatements. If, based on our work, we conclude that there are material misstatements

with respect to such other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

10 The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Minister of Public Finance of Romania No. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards as adopted by the European Union with subsequent amendments and clarifications, and for such internal controls as management deems necessary to prepare financial statements that are free from material misstatement, whether due to fraud or error.

11 In preparing the financial statements, management is responsible for assessing the Company's ability to carry on its business on a going concern basis and for disclosing, where appropriate, matters relating to going concern and the use of the going concern basis, except where management intends to liquidate the Company or wind it up or has no real alternative but to do so.

12 Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of financial statements

13 Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit 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 ISAs will always detect a material misstatement, if one exists. Misrepresentations may be caused either by fraud or error and are considered material if they can reasonably be expected, either individually or in the aggregate, to affect the economic decisions of users based on these financial statements.

14 As part of an ISA-compliant audit, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures that respond to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error because fraud may include complicity, misrepresentation, intentional omissions, misstatements or circumvention of internal control.
- We understand internal control relevant to the audit in order to determine the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis and determine, based on audit evidence obtained, whether there is a material uncertainty about events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the audit report to the related disclosures in the financial statements or, if those disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to operate on a going concern basis.
- We assess the overall presentation, structure and content of the financial statements, including disclosures, and the extent to which the financial statements reflect underlying transactions and events in a manner that achieves fair presentation

15 We communicate to those charged with governance, among other matters, the planned objectives and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the conformity of the Directors' report with the financial statements

In addition to our reporting responsibilities under the ISAs and described in the "Other Information" section of the Trustees' Report, we have read the Trustees' Report and report the following:

a) we have not identified in the Directors' report any information that is inconsistent in all material respects with the information presented in the accompanying financial statements;
b) the directors' report identified above includes, in all material respects, the information required by the Order of the Minister of Public Finance No. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards as adopted by the European Union with subsequent amendments and clarifications;
c) based on our knowledge and understanding of the Company and its environment acquired during our audit of the financial statements prepared as at 31 December 2023, we have not identified any information included in the Directors' report that is materially misstated.

Report on other legal and regulatory provisions

16 We were appointed by the General Meeting of Shareholders on 03 October 2022 to audit the financial statements of Prebet Aiud SA for the financial year ended 31 December 2022 and for the financial year ended 31 December 2023. The total uninterrupted duration of our engagement is 2 years, covering the financial years ended 31 December 2022 to 31 December 2023.

17 We confirm that:

- In conducting our audit, we maintained our independence from the audited entity;
- No prohibited non-audit services referred to in Article 5(1) of EU Regulation 537/2014 were provided.

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PROFESSIONAL SERVICES
Accounting, Auditing, Consulting

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

We have performed a reasonable assurance engagement on the compliance of the Company's individual financial statements included in the annual financial report presented in the digital file 24900R0KBC9MDTF1V33 (the "Digital Files"), with Commission Delegated Regulation (EU) 2018/815.

Responsibility of the Company's management for digital files prepared in accordance with ESEF

The Company's management is responsible for the preparation of digital files in accordance with ESEF. This responsibility includes:

- design, implement and maintain internal control relevant to the implementation of the ESEF;
- ensuring consistency between digital files and the financial statements to be published in accordance with Order 2844/ 2016 as amended.

Persons charged with governance are responsible for overseeing the preparation of digital files in accordance with ESEF.

Auditor's responsibility for auditing Digital Files

We are responsible for expressing a conclusion on the extent to which the financial statements included in the annual financial report comply with the ESEF, in all material respects, based on the evidence we have obtained. Our reasonable assurance engagement was conducted 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 under ISAE 3000 involves performing procedures to obtain evidence of compliance with the ESEF. The nature, timing and extent of the procedures selected depend on the auditor's judgment, including the assessment of the risk of significant deviations from the provisions of the ESEF, whether caused by fraud or error. A reasonable assurance engagement includes:

- gaining an understanding of the process for preparing digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files, which include the flagged data, with the Company's individual audited financial statements to be published in accordance with Order 2844/ 2016 as amended;

- assessing whether all financial statements that are included in the annual financial report are prepared in a valid XHTML format.

We consider that the evidence obtained is sufficient and adequate to provide a basis for our conclusion. In our opinion, the individual financial statements for the year ended December 31, 2023 included in the annual financial report in the digital files are, in all material respects, in accordance with the ESEF Regulation.

In this section we do not express an audit opinion, a review conclusion or any other assurance conclusion on the individual financial statements. Our audit opinion on the Company's financial statements for the year ended December 31, 2023 is included in the "Report on Financial Statements" section above.

On behalf of Moldovan&Partners srl
Audit firm registered in the Electronic Public Register under no. 612/ 626/ 2021

Sorin Moldovan
Auditor registered in the Electronic Public Register under no. 4179/2012

Cluj-Napoca, 23 April 2024

The accompanying financial statements are not intended to present the financial position, the results of operations and a complete set of notes to the financial statements in accordance with accounting regulations and principles accepted in countries and jurisdictions other than Romania. Therefore, the attached financial statements are not prepared for the use of persons who are not familiar with the accounting and legal regulations in Romania including the Order of the Minister of Public Finance 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 clarifications.