CONSOLIDATED DIRECTORS' REPORT for the first half of 2023

Half-yearly Report according to A.S.F. Regulations no. 5 / 2018 - Annex 14

(all amounts are expressed in lei unless otherwise specified)

For the financial year: 2023 (first half)
Report date: 16.08.2023
Name of issuer: PREFAB **SA**
Head Office: Bucuresti, Dr. Iacob Felix, nr. 17-19, et. 2, sector 1
Work point: Calarasi, Bucuresti str., nr. 396
Phone/fax: 021-3315116/ 021-3305980
Unique registration code at the Trade Register Office: RO1916198
Commercial register number: J40/9212/2003
Regulated market on which the issued securities are traded: Bucharest Stock Exchange, Standard category
Subscribed and paid-up share capital: 24.266.709,5 **lei**
Main characteristics of the issued securities: the company has issued a total of 48,533,419 registered shares with a nominal value of 0.5 lei each, dematerialized.
Accounting standard applied: OMFP no.2844/2016 of 12 December 2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards.

Audit: the financial statements are audited.

1. Activity of the companies in the "group

a. Description of the Group's core business

PREFAB SA - parent company, is a joint-stock company operating in accordance with the provisions of Law no.31/1990 on commercial companies, republished with subsequent amendments and additions.
PREFAB SA is registered at the Trade Register Office under no. J40/9212/04.07.2003 and has the unique registration code RO1916198, and since 01 January 2006 as a result of the provisions of the Tax Code as amended, has been assigned the tax registration code for VAT purposes - RO1916198. The main activity is according to the articles of association, manufacture of concrete products for construction purposes, NACE code 2361.
The shareholding structure on 23.06.2023, according to the data from the Central Depository, was as follows:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL SRL BUCURESTI	33.805.991	69.6551
CELCO CONSTANTA	12.795.000	26.3633
OTHER SHAREHOLDERS - Legal entities	137.574	0.2835
OTHER SHAREHOLDERS - Individuals	1.794.854	3.6981
TOTAL	**48.533.419**	**100.0000**

PREFAB SA, as a parent company, defined as such in the accounting regulations applicable to groups of companies, consolidates the annual financial statements in accordance with the provisions of art. 9, para. 3 of the Accounting Law no.82/1991, republished, because it holds the majority of voting rights of shareholders or associates in other entities, called subsidiaries.
At the same time, being an entity whose securities are admitted to trading on a regulated market, PREFAB SA, holding a controlling position in a subsidiary, prepares and discloses half-yearly consolidated interim financial statements as of 30.06.2023, in accordance with the requirements of Law 24/2017 and ASF Regulation no. 5/2018 on issuers of financial instruments and market operations.

Affiliated parties:

a. The legal entities with which PREFAB SA is affiliated are the following:

ROMERICA INTERNATIONAL SRL (holding **33,805,991** shares - **69.6551%** of the share capital of PREFAB SA)

Headquarters: Dr. Iacob-Felix Street, nr.17-19, 2nd floor, room 1, Bucharest.
Date of foundation: 09.02.1994
Method of establishment: subscription of shares
Subject of activity according to NACE: code 2620 - Manufacture of computer and peripheral equipment
Milut Petre Marian - Administrator - was in charge of the management in 2023, 1st semester.
The share capital of 6,500 lei structured in 650 shares with a nominal value of 10 lei. On 30.06.2023, the situation of the subscribed and paid-up share capital is as follows:

Item no.	Associate	No. of shares held	Nominal value	Share capital	% of share capital
1	MILUT PETRE MARIAN	520	10	5.200	80.0000
2	STIEBER ANDREI CAROL	130	10	1.300	20.0000
	Total	650		6.500	100.0000

PREFAB INVEST SA

Headquarters: 17-19 Dr. Iacob-Felix Street, 2nd floor, room 2, Bucharest.
Date of foundation: 10.05.2000
Method of establishment: subscription of shares
Activity object according to CAEN: code 2361 - Manufacture of concrete products for construction purposes
The leadership in 2023, semester I, was provided by:

Chairman of the Board of Directors	- ing. Milut Petre Marian
Director-General	- ec. Nistor Carmen
Economic Director	- ec. Tancu Razvan
Head of Financial Accounting Service	- ec. Popovici Casandra
Head of logistic department	- ec. Tudor Sorin

Share capital: 150,000 lei made up of 4,000 shares at a nominal value of 37.5 lei/share.

Item no.	Associate	No. of shares held	Nominal value	Share capital	% of share capital
1	PREFAB SA BUCURESTI	3.996	37.5	149.850	99.9900
2	HIGH SHAREHOLDERS	4	37.5	150	0.0100
	Total	4.000		150.000	100.0000

Wishing to establish an association to promote activities related to the precast concrete industry, PREFAB SA together with 8 other renowned companies in this field, have agreed to establish the "PREFBETON Precast Concrete Manufacturers Association". The aim of the Association is to promote precast concrete products, to represent, support and defend the technical, economic and legal interests related to the trade and industry of precast concrete products, to develop and encourage cooperation in the scientific, technical and standardization field and to stimulate contracts between specialists in the country. The initial patrimony of the Association was 1.800 lei, the contribution of Prefab SA being 200 lei.
On 30.06.2023, the subsidiary PREFAB INVEST SA has a holding of 100 lei in the initial assets of the Romanian Concrete and Precasting Society Association, a non-profit, apolitical and non-governmental association, the total assets of the association being 560 lei. The aim of the association is to promote scientific and technical progress in

the field of concrete elements and structures. This association has not been included in the consolidation as it is considered of minor importance for the Group.

b. **The natural person** with whom PREFAB SA is affiliated is:

Mr. Milut Petre Marian - who is the majority shareholder (holding 80% of the share capital) and the sole director of the majority shareholder ROMERICA INTERNATIONAL SRL.

a. Specification of the date of establishment of the Company

The parent company PREFAB SA was established in 1990, by taking over the entire patrimony of the former Intreprinderi de Materiale de Constructii Calarasi, which had been in existence since 1967.
The commercial company PREFAB SA was organized in its current structure on the basis of Law no. 15/1990 and by HG no. 1200/12.11.1990, being registered at the Trade Register under no. J 40/9212/2003.

Branch	**Date of establishment**
PREFAB INVEST SA	10.05.2000

b. Description of any significant mergers or reorganisations of the Business Group, its subsidiaries or controlled companies during the financial year

There were no significant changes/reorganisations, mergers, divisions or dissolutions for PREFAB SA and subsidiaries during the financial year 2023, H1.

On 30.06.2023, the parent company - PREFAB SA has the following working point: Calarasi, str. Bucuresti, nr. 396, jud. Calarasi
Prefab Invest has no working points
These two companies are included in the consolidated interim financial statements.

c. Description of acquisitions and/or disposals of assets

During the first half of 2023, as regards the change in the balance sheet item fixed assets held by the group, there is a decrease from 201,890,086 lei (31.12.2022) to 200,927,715 lei (30.06.2023), mainly due to the depreciation of land and buildings, technical installations and machinery, other installations, equipment and furniture.

No assets have been acquired that could influence the achievement of the Group's business purpose.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Indicators	31.12.2022	%	30.06.2023	%	Variation
Tangible fixed assets	201,890,086.00	**76.22**	200,927,715	**74.56**	-962,371
Intangible assets	31,840.00	0.01	17,507	0.01	-14,333
Investments in affiliated entities	300.00	0.00	300	0.00	0
Biological actives	6,049.00	0.00	5,532	0.00	-517
TOTAL FIXED ASSETS	**201,928,275.00**	**76.24**	**200,951,054**	**74.57**	**-977,221**
Stocks	22,529,006.00	8.51	26,744,098	9.92	4,215,092
Trade and other receivables	38,363,550.00	14.48	40,145,843	14.90	1,782,293
Cash and cash equivalents	1,673,202.00	0.63	815,174	0.30	-858,028
Other assets (prepaid expenses)	381,290.00	0.14	826,759	0.31	445,469
TOTAL CURRENT ASSETS	**62,947,048.00**	**23.76**	**68,531,874**	**25.43**	**5,584,826**
1. TOTAL ASSETS	**264,875,323.00**	**100.00**	**269,482,928**	**100.00**	**4,607,605**
Share capital	24,266,709.00	9.16	24,266,709	9.00	0
Other equity items	-459,609.00	-0.17	-459,609	-0.17	0
Capital premium	14,305,342.00	5.40	14,305,342	5.31	0
Revaluation reserves	117,173,624.00	44.24	117,173,624	43.48	0
Book	49,808,226.00	18.80	52.249.972	19.39	2.441.746
Retained earnings except those arising from the first-time adoption of IAS 29	9,579,053.00	3.62	9,588,755	3.56	9,702
Profit at the end of the reporting period	7,766,331.00	2.93	125,048	0.05	-7,641,283
Profit sharing	-449,833.00	-0.17	0	0.00	449,833
2.TOTAL EQUITY	**221,989,843.00**	**83.81**	**217.249.841**	**80.62**	**-4,740,002**
Long-term loans	4,328,188.00	1.63	4,996,011	1.85	667,823
Deferred income tax debt	459,609.00	0.17	459,610	0.17	0

TOTAL LONG-TERM DEBT	**4,787,797.00**	**1.81**	**5,455,621**	**2.02**	**667,824**
Trade and other payables	9,428,519.00	3.56	15,664,496	5.81	6,235,977
Short-term loans	22,806,559.00	8.61	19,040,458	7.07	-3,766,101
other debts	2,360,949.00	0.89	8,811,508	3.27	6,450,559
TOTAL SHORT-TERM DEBT	**34,596,027.00**	**13.06**	**43,516,462**	**16.15**	**8,920,435**
Investment grants, of which:	**3,508,712.00**	**1.32**	**3,256,315**	**1.21**	**-252,397**
- current portion	504,795.00	0.19	504,795	0.19	0
- over a year	3,003,917.00	1.13	2,751,520	1.02	-252,397
TOTAL LIABILITIES	**264,882,379.00**	**100.00**	**269.478.239**	**100.00**	**4.595.860**
MINORITY INTEREST	**-7,056.00**		**4.689**		**11.745**

1.1.1 Elements of general evaluation

PREFAB SA has prepared its interim consolidated financial statements in accordance with OMFP 2844/2016 and International Financial Reporting Standards as adopted by the European Union (IFRS), effective as at the Group's reporting date, 30.06.2023.

Indicator	30.06.2022	%	30.06.2023	%	Variation
Net turnover	**43,978,299**	**105.34**	**60,858,243**	**92.31**	**16,879,944**
Other operating income	-2,233,819	-5.35	4,970,400	7.54	**7,204,219**
Total operating income	**41,744,480**	**99.99**	**65,828,643**	**99.85**	**24,084,163**
Expenditure on raw materials and materials	15,118,452	36.21	24,916,580	37.98	**9,798,128**
Other material expenditure	1,365,704	3.27	2,204,698	3.36	**838,994**
Energy and water expenditure	7,696,639	18.44	14,034,564	21.39	**6,337,925**
Expenditure on goods	14,205	0.03	3,427	0.01	**-10,778**
Trade discounts received	-79,061	-0.19	-186,341	-0.28	**-107,280**
Staff expenditure	7,860,025	18.83	13,330,565	20.32	**5,470,540**
Ch with depreciation and amortisation	4,738,228	11.35	4,852,176	7.40	**113,948**
Other operating expenditure	3,803,771	9.11	5,297,259	8.07	**1,493,488**

Total operating expenditure	**40,517,963**	**97.05**	**64,452,928**	**98.24**	**23,934,965**
Operating result	**1,226,517**		**1,375,715**		**149,198**
Income from participating interests	0	0	0	0.00	**0**
Interest income	449	0	94	0.00	**-355**
Other financial income	3,412	0.01	100,854	0.15	**97,442**
Total financial income	**3,861**	**0.01**	**100,948**	**0.15**	**97,087**
Interest expenses	611,652	1.47	1,020,101	1.55	**408,449**
Other financial charges	34,340	0.08	135,913	0.21	**101,573**
Total financial expenditure	**645,992**	**1.55**	**1,156,014**	**1.76**	**510,022**
Financial result	**-642,131**		**-1,055,066**		**-412,935**
Current result	**584,386**		**333,058**		**-251,328**
Total income	**41,748,341**	**100**	**65,929,591**	100.00	**24,181,250**
Total expenditure	**41,163,955**	**100**	**65,608,942**	100.00	**24,444,987**
Gross profit	**584,386**		**320,649**		**-263,737**
Corporate tax	157,211		195,563		**38,352**
Net profit	**427,175**		**125,086**		**-302,089**
Of which attributed to minority interest	**29**		**38**		**9**

In the first half of 2023, the national economy continued to face multiple challenges related to stability and predictability, these were amplified by very high inflation as well as the economic implications of the armed conflict at the border. Russia's invasion of Ukraine on 24 February 2022 triggered a war in Europe that threatens the entire world order.

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

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

As of 30 June 2023 compared to the same period in 2022, the bottleneck in the building materials market caused by the decrease in consumer purchasing power is maintained and the real estate market is significantly affected. The energy crisis triggered in 2021, strongly felt from 2022 , has caused economic involvements both globally and nationally that have led to a significant increase in production costs and therefore to a contraction in demand in the building materials market. The cost increases were driven by rising international and domestic prices for natural gas, electricity and fuel, which in turn caused a chain of increases for all products.

The market for precast reinforced and prestressed concrete products, electrical pylons, highway elements, precast parts for hypermarkets or supermarkets, beams for road bridges is affected by the lack of large projects for national infrastructure and of sufficiently skilled labour, remaining at a low level due to financial bottlenecks in the national investment field. Although investments from European funds are vital for the Romanian economy, their absorption is below the optimal level. The implementation of the PNRR and the absorption of European funds should be a major objective for Romania.

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

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

Autoclaved aerated concrete (AAC), the masonry material produced by PREFAB SA, in the first half of 2023, amounted to a production of 168,397.69 m3.

In the first half of 2023, PREFAB SA sold approximately 156,103.94 cubic meters of AAC, compared to approximately 120,671.50 cubic meters in the same period of 2022.

In the first half of 2023 the total volume of precast elements produced was 2,380.88 cubic meters, to which is added 336 cubic meters of concrete.

Regarding the cogeneration plant activity, in the first half of 2023, its operation depended primarily on the prices for natural gas and electricity and in correlation with the production activity in order to optimize costs. Electricity produced was 8,507.70 mwh , of which 6,816.32 mwh was delivered to the NES , the difference of 1,691.38 mwh was consumed internally in the plant , and thermal energy 12,838.81 mwh, entirely consumed internally in the production process.

The Group's subsidiary - PREFAB INVEST SA mainly markets PREFAB SA - the parent company - products in their geographical area.

Liquidity:

- house and bank accounts at the beginning of the period: 1.673.202 lei
- house and bank accounts at the end of the period: 815.174 lei
- cash flow: -858.028 lei

The subsidiary PREFAB INVEST SA has not contracted loans or credit lines from banking institutions.

Cash and cash equivalents include current accounts in lei and foreign currency, cash at home. Cash and cash equivalents are valued at the exchange rate communicated by the NBR valid at the end of the reporting period.

1.1.2 Assessment of the technical level of the Group

PREFAB SA - parent company is one of the leading manufacturers in Romania of:

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

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

e. Concrete casting
f. Electricity (from April 2013)

We mention that the production structure has always been correlated with market conditions, respectively with the quantities and the required assortment.

Description of the main products and/or services provided, specifying:
a. the main markets for each product or service and the methods of distribution:

PREFAB SA - parent company is one of the leading national manufacturers of building materials, with a varied portfolio of marketed products.
The main markets are Romania and occasionally the Republic of Bulgaria and the Republic of Moldova.
In Romania the structure of the market is:
a. for AAC: Muntenia, Transylvania, Moldova;
b. for Prefabricated: all Romania;
c. for Aggregates, Ready-mix Concrete: local market;
The sales policy is differentiated according to the specificity of each product:
a. AAC is sold through distributors or DIY (Do It Yourself) chains;
b. Prefabricated products are sold by auction or negotiation on a project basis.

AAC sales by geographical area:

Geographical area	30.06.2022	Sales in 2022	Sales on 30.06.2023
1. Muntenia	92.75%	96.00%	89.19%
2. Transylvania	2.08%	0.19%	3.23%
3. Moldova	5.04%	3.80%	7.58%
4. Bulgaria	0.00%	0.00%	0.00%
5. Republic of Moldova	0.13%	0.01%	0.00%
	100.00%	**100.00%**	**100.00%**

The structure of sales by geographical area is the same at group level as at parent company level.

Due to the influence of transport costs in the distribution of products, in order to optimize the distribution activity, it was decided to restrict the distribution activity especially in the geographical area where the group is located.

b. Share of each category of products or services in the issuer's revenue and total turnover:

PREFAB SA - parent company has continuously pursued over the years to differentiate itself from national competitors, giving special importance to the modernization and modernization of the production process, increasing the quality of products and services offered to customers, in conditions of decreasing purchasing power in the market.

Name of products	30.06.2022 %	2022 %	30.06.2023 %
AAC	74.89%	65.57%	72.43%
Tubes	2.38%	2.50%	2.40%
Prefabricated	9.82%	11.09%	10.71%
Electricity	8.64%	17.16%	9.28%
Other products	4.27%	3.68%	5.18%

Turnover recorded in 2023, 1st semester by the parent company:
- PREFAB SA : 58,251,445 lei;

Turnover registered in 2023, 1st semester, by the subsidiary Prefab Invest:
- PREFAB INVEST SA : 28.500.077 lei;

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

Due to the specific nature of the activity, PREFAB SA - parent company, has permanently new products on the production line, according to 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.
For the BCA product, the Hebel manufacturing technology is strict and does not allow any modification of the products which are produced according to international product standards, but in the BCA branch, there are permanent improvements on the technological manufacturing lines, updates of the process control computer systems, regular technological revisions and updates of the equipment (overhead travelling cranes, automatic cutting machine, autoclaving control, etc.).

In the Prefabricated branch, two types of products are produced and sold: printed and unprinted. Prefabricated products are standardised products for different types of work. For example, centrifugally reinforced concrete poles for overhead power lines are standardised products with a special regime. On the other hand, industrial and commercial projects (industrial or commercial halls such as hypermarkets) require the follow-up of the prefabricated dimensions of the project, which practically means the introduction of new products, new patterns, etc. almost every month, new products are manufactured every month, without a substantial volume of new assets.

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

1.1.3. Evaluation of the technical and material supply activity

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

The current stock, which includes the safety stock, ensures the smooth running of the production activity.
Main suppliers of raw materials:
- Devnya Cement AD;
- Condrag Agregate;
- Celco SA; SMA Burgas
- Grimm Metallpulver;
- Energosteel;
- Mairon;
- D&D Drotaru;Arabesque
- Engie Romania SA;

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 supplier is made on the basis of quality-price ratio, commercial conditions and the evolution of the market for the product in question.

1.1.4. Evaluation of sales activity

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

The sequential sales activity is presented for the period 2022-2023 in the table presented in 1.1.2, point a.)
The evolution of the group's turnover is as follows:

30.06.2022	31.12.2022	30.06.2023
43,978,299 lei	94,456,912 lei	60.858.243

The medium and long term sales prospects are related to the existing capacities of the plant, i.e. the expansion of the production capacity.

It is thus planned for the period 2023 - 2025:

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

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

The subsidiary PREFAB INVEST SA through the services provided for marketing, representation is mainly addressed to economic agents in the country. We appreciate that the domestic and foreign market is also facing competition from the national perimeter of the respective market.

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

In the first semester of 2023, Prefab SA sold approximately 156,103.94 cubic meters of AAC with a market share of approximately 5%.
Traditional competitors in the AAC market:
- Celco;
- Elpreco;
- Somaco;
- Soceram;
- Macon Deva;

In the first half of 2023 the total volume of precast elements produced was 2,380.88 cubic meters, to which is added 336 cubic meters of concrete, a very small volume for the existing production capacity.
As far as PREMO-SENTAB sewage pipes are concerned, the volume produced was 0 m3.
Traditional competitors in the precast and tube market:
- Asa Cons Consolis;
- Bauelemente;
- Ergon;
- Somaco Grup Prefabricate;
- Con A;
- Prefabricated meeting;
- Macon;
- Ferrobeton;
- Buildcorp Prefabricate;
- SW Umwelttechik.

In the market, both the parent company and the subsidiaries are in a competitive relationship to compete for the same market segment with other competitors with the same business.

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

Both in terms of customer portfolio/distribution network and balanced territorial dispersion, the Group is not significantly dependent on a single customer, so the loss of a customer cannot have a negative impact on the Group.

1.1.5. Assessment of employee/staff issues.

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

On 30.06.2022 the average number of employees at group level was 259 and the actual number of employees was 314.
On 30.06.2023 the average number of employees at group level was 361 and the actual number of employees was 447.
In the relationship with the Employer, the employees of PREFAB SA - parent company, are represented by the Prefab Free Trade Union. The degree of unionisation in 2023 was 99%.
The Group has no debts to directors or executives during the period under review and there were no advances or loans granted to directors or executives.
In terms of *staff recruitment and selection*, this period, especially in the context of the pandemic, is characterised by a rather limited supply of qualified staff. More rigorous selection stages for potential candidates have been introduced.
The group attaches great importance to the organisation of *training courses*, to the efficiency of the working style and to interdepartmental collaboration.

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

During the first half of 2023 there were no conflicts between the management of affiliated companies and employees.

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

PREFAB SA, at group level, 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 parent company holds environmental management certificate no. 08/ 20.06.2023 valid until 19.06.2026, in accordance with SR EN ISO 14001:2015;
2. Identifying and keeping under control the environmental aspects associated with all the activities carried out within the Group, in order to ensure compliance with legal requirements and prevent pollution through:
- minimising the quantities of waste generated and managing it safely when its occurrence cannot be avoided;
- improving the quality of water discharged from society;
- reduction of noxious emissions into the atmosphere;
- reducing consumption of natural resources.
3. Ensure communication of the policy to all internal and external stakeholders;
4. To create the conditions for the implementation, maintenance and continuous improvement of the Environmental Management System by providing competent human resources and material resources necessary to maintain the environmental policy and to achieve the proposed objectives.

During the first half of 2023, compliance with the legal requirements and those contained in the regulatory acts was monitored, and this was also found following controls carried out by the authorized state bodies.

1.1.7 Evaluation of research and development activity

Mainly, the research activity within the PREFAB SA Group is carried out through the Technical Department and the parent company's own laboratories, as well as through collaborations with design and research institutes, with direct implications in increasing the quality of the Group's products and services, by improving manufacturing recipes and optimization schemes in order to increase work productivity, namely: modernization of the existing production capacities, improvement of the working microclimate, expansion of the sales market, and of the product range, automation of technological processes.
In the current economic context, in the first half of 2023 the amounts allocated to research activities were insignificant.

1.1.8. Assessment of the Group's risk management activity

The group is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational risk
- Balancing cost risk
- Taxation risk
- *Data* protection and processing risk
- The risk of war

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

General framework for risk management

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

Credit risk

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

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

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

- Trade and other receivables
- Cash and cash equivalents
- Investments in unquoted affiliated entities
- Trade and other payables

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

ASSETS	31 December 2022	30 June 2023
Trade and similar receivables	38.363.550	40.145.843
Cash and cash equivalents	1.673.202	815.174
Total	**40.036.752**	**40.961.017**

DEBTS	31 December 2022	30 June 2023
Trade and similar debts	9.428.519	15.664.496
Other liabilities including current income tax liability	2.360.949	8.811.508
Total	**11.789.468**	**24.476.004**

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with debts that are settled in cash or by transferring another financial asset. The Group's approach to liquidity risk is to ensure, as far as practicable, that it holds sufficient cash at all times to meet liabilities when they fall due, both under normal and stressed conditions, without incurring unacceptable losses or jeopardising the Group's reputation.
The Group has committed long-term loans.
To counter this risk factor, the Group has implemented restrictive policies for the delivery of products to uncertain customers. An important role has been played by the Group's policy of requiring, in certain cases, advance payment for delivered products and a careful selection of new customers based on their creditworthiness and financial discipline. Guarantees were requested in the case of delivery contracts and attempts were made to reduce the number of days set by contract for payment of receivables by the Group's customers. Mortgage guarantee contracts have been extended in favour of banks with which we have open credit lines and bank letters of guarantee so that we can honour our obligations in the event of cash shortages.

Amounts due to credit institutions	Sold to 01 January 2023	Sold to 30 June 2023
Short-term loans	22.806.559	19.040.458
Long-term loans	4.328.188	4.996.011
Total	**27.134.747**	**24.036.469**

Market risk

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

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

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the Group's processes, people, technology and infrastructure, as well as from external factors other than credit, market and liquidity risk, such as those arising from legal and regulatory requirements and generally accepted standards of organisational behaviour. The Group is also exposed to catastrophe risk. In these circumstances, the Group has acted to take out disaster insurance policies to protect the Group's assets.
Operational risks arise from all Group operations. Primary responsibility for developing and implementing operational risk controls rests with the entity's management. Responsibility is supported by the development of the Group's overall operational risk management standards in the following areas:
- Separation of responsibilities requirements;
- Alignment with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for periodic analysis of the operational risk to which the Group is exposed and the adequacy of controls and procedures to prevent identified risks;
- Requirements for reporting operational losses and proposals for remedying the causes of these losses;
- Developing business continuity plans;
- Professional development and training;
- Setting ethical standards;
- Litigation risk prevention, including insurance where applicable;
- Risk mitigation, including efficient use of insurance where appropriate.

Balancing cost risk

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

Taxation risk

Since 1 January 2007, following Romania's accession to the European Union, the Group has had to comply with European Union regulations and has therefore prepared itself for the application of the changes brought about by European legislation.
The Group has implemented these changes, but the implementation remains open to tax audit for 5 years and even 7 years from 2009.

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

Data **protection and processing risk**

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

The risk of war

If the situation of the armed conflict in Ukraine escalates, there is a risk of a partial or total stop of activity, galloping inflation, reduction of trade and investments, increase of taxes and bank interest rates, material destruction and loss of human lives, amplification of the energy and economic crisis.

1.1.9. Elements of perspective on the Group's activity

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

The Group's immediate liquidity at 30.06.2023 is 1.94. The recommended acceptable value is around 2, which guarantees the coverage of current liabilities from current assets.

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

With regard to fixed assets held by the group, there is a decrease from 201,928,275 lei (31.12.2022) to 200,951,054 lei (30.06.2023), mainly due to the depreciation of land and buildings, technical installations and machinery, other installations, equipment and furniture.

The investment programme for 2023 amounts to 14,800,000 lei. Of the proposed investments to be carried out, significant are :

- Viessmann boiler automation and softening station;
- Purchase of demineralised water cooling tower for turbine oil cooling circuit;
- Sand and gypsum elevator replacement;
- Modernization of the dosing software ;
- Pfister dosing automation;
- Purchase of slurry transfer pumps ;
- Modernization patterns;
- Replacement and repair of grills;
- Purchase of new bridges ;
- Purchase of a vibropressed casting machine;
- Purchase of modular beam printing;
- Hydraulic pattern for road infrastructure elements ;

c) presentation and analysis of events, transactions and economic changes that significantly affect income from core business

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

As of 30 June 2023 compared to the same period in 2022, the bottleneck in the building materials market caused by the decrease in consumer purchasing power is maintained and the real estate market is significantly affected. The energy crisis triggered in 2021, strongly felt from 2022 , has caused economic involvements both globally and nationally that have led to a significant increase in production costs and therefore to a contraction in demand in the building materials market. The cost increases were driven by rising international and domestic prices for natural gas, electricity and fuel, which in turn caused a chain of increases for all products.

The market for precast reinforced and prestressed concrete products, electrical pylons, highway elements, precast parts for hypermarkets or supermarkets, beams for road bridges is affected by the lack of large projects for national infrastructure and of sufficiently skilled labour, remaining at a low level due to financial bottlenecks in the national investment field. Although investments from European funds are vital for the Romanian economy, their absorption is below the optimal level. The implementation of the PNRR and the absorption of European funds should be a major objective for Romania.

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

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

The Group's operating income in the first semester of 2023 increased compared to the first semester of 2022 by 36.60% and the operating result recorded an increase of 13.18% lei in the first semester of 2023 compared to the first semester of 2022.

The current economic environment is characterized by galloping inflation, excessive taxation, currency risk with influence on the price of some raw materials and materials, significant increase in energy and fuel costs and all production costs including labour costs, significant increase in the reference interest rate communicated by the NBR.

2. Tangible assets of the Group.

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

The assets and production capacities belong to PREFAB SA - parent company, are located on the land owned by the Group and operate in the following structure:

1. PREMO tubes
    - PREMO - IPREROM manufacturing technology;
    - production capacity: 210 km equivalent∅ 600
2. SENTAB tubes:
    - production capacity: 122 km equivalent∅ 600;
3. Autoclaved aerated concrete:
    - The manufacturing technology is based on the HEBEL license;
    - production capacity: 500 000 m3;
4. Various prefabricated elements:
    - manufacturing technology - STAND type;

- designed capacity: 50 000 m3;

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

The subsidiaries do not have production capacities.

2.2. Description and analysis of the degree of wear of the group's properties

- Buildings = 51.33 %
- Equipment = 62.39 %

2.3. Clarification of potential issues relating to ownership of the Group's tangible assets.

The parent company and its subsidiary own their assets and there are no ownership disputes.

3. Market of securities issued by the Company.

3.1. Since 5 July 2010, the shares issued by PREFAB SA - parent company, are traded on the regulated market administered by the BSE and in the STANDARD category since 5 January 2015.

3.2. Profit sharing

As of 31.12.2022, Prefab SA recorded a net profit of 7,756,629 lei, which was distributed according to the AGM resolution, in accordance with legal regulations.
From the realized profit, legal reserves in the amount of 449,833 lei were recorded, according to the provisions of Law no. 31/1990 republished, on companies, and the difference of 7,306,796 lei was distributed according to the AGM resolutions of 26.04.2023 as follows:

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

The legal framework for the establishment of own sources of financing and other profit distributions is constituted by the following normative acts:
- Law 227/2015 on the Tax Code with subsequent amendments
- Law no. 31/1990, republished, on companies

The shares issued by the subsidiary Prefab Invest are not traded on a regulated market.

The net profit of the year 2022, amounting to 9,712 lei realized by the subsidiary PREFAB INVEST SA, was recorded in the retained earnings account.
According to the legal provisions, the group's profit is not distributed, it is only an economic indicator to inform the shareholders.
The profit/loss realised individually by each company within the group is subject to distribution at the general meetings of each entity.

3.3. The parent company has not acquired its own shares nor its subsidiaries.

3.4. PREFAB SA holds shares worth 149,850 lei and a 99.9% share in the share capital of PREFAB INVEST SA. This holding is materialized in a number of 3,996 shares with a nominal value of 37.5 lei per share and confers control over it, given the percentage held in the share capital of this company. Wishing to establish an association to promote activities related to the precast concrete production industry, PREFAB SA - parent company, together with 8 other renowned companies in this branch, agreed to establish the "PREFBETON Precast Concrete Producers Association". The purpose of the Association is to promote precast concrete products, to represent, support and defend the technical, economic and legal interests related to the trade and industry of precast concrete products, to develop and encourage cooperation in the scientific, technical and standardization field and to stimulate contracts between specialists in the country. The initial patrimony of the Association was 1.800 lei, the contribution of PREFAB SA - parent company being 200 lei.

On 30.06.2023, the subsidiary PREFAB INVEST SA has a holding of 100 lei in the initial assets of the Romanian Concrete and Precasting Society Association, a non-profit, apolitical and non-governmental association, the total assets of the association being 560 lei. The aim of the association is to promote scientific and technical progress in the field of concrete elements and structures. This association has not been included in the consolidation as it is considered of little importance for the Group.

3.5. The parent company and the related party have not issued bonds or other debt securities.

4. Group Management

PARENT COMPANY

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

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

a. 1) Name: Milut
First name: Marian Petre
Age: 67 years
Qualification: engineer
Professional experience:
1980-1981 - engineer IAMSAT Bucharest
1981-1982 - System Engineer Hewlett Packard Romania
1982-1993 - Head of IRUC Territorial Workshop
1993-present - President Romerica International SRL Bucharest
1998-present - President of the Board of Directors PREFAB S.A.

2) Name: Ionescu
First name: Marian Valentin
Age: 61 years
Qualification: lawyer
Professional experience:

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

3) Name: Milut
First name: Anca Teodora
Age: 33 years old
Qualification: architect
Professional experience:
Aug. 2009- Jan. 2010 - stand supervisor, MOMA foods, Euston Station, London, England.
dec. 2010- Mar. 2011 - assistant architect, BCA London, 7th Lamb΄s Conduit Passage, London,England
Jun. 2011- Oct. 2011 - assistant architect, Geneto, Nakagyo, Kyoto, Japan.
Apr. 2012- Oct. 2012 - assistant architect, Sinsa-Dong, Kangnam-gu, South Korea.
Jan. 2013 - present - consultant architect at Prefab Invest **Bucharest**
23.06.2017 - present - member of the Board of Directors PREFAB SA

b. Please note that there are no litigations or administrative proceedings involving members of the Board of Directors.

c. On 30.06.2023 the directors hold a number of shares in PREFAB SA, as follows:

Item no.	Surname and name	Number of shares	Percent
1.	Milut Petre Marian	0	0,0000%
2.	Ionescu Marian Valentin	0	0,0000%
3.	Milut Anca Teodora	0	0,0000%

d. Any agreement, understanding or family relationship between the person concerned and another person by virtue of which the person concerned has been appointed as a member of the board of directors.
The family relationship between the Chairman of the Board of Directors Miluț Petre Marian and Mrs. Miluț Anca Teodora was not the reason for her appointment as a member of the Board of Directors. There is no other agreement or understanding between the parties. The reasons for which Mrs. Milut Anca Teodora was appointed as a member of the Board of Directors are her competence and international professional experience.

4.2 . In the first half of 2023, the executive management of the parent company consisted of:

Item no.	Surname and name	Function	Profession

1.	Miron Sorin	Director-General (until 20.07.2023)	Economist
2.	Boitan Daniela	Economic Director, Deputy Director General, mandate until 22.06.2025	Economist
3.	Buta Adrian	Director of Energy and Logistics , mandate until 22.06.2025	Engineer

Starting from 20.07.2023, Mr. Milut Petre Marian is General Manager of Prefab SA - the parent company.

a. The term for which the person is part of the executive management:
The term is specified in the table above.

b. Any agreement, understanding or family relationship between the person concerned and another person by virtue of which the person concerned has been appointed as a member of the executive management:
This is not the case.

c. Participation of the executive management in the share capital of PREFAB SA
On 30.06.2023 the members of the executive management held shares in the share capital of PREFAB SA as follows:

Item no.	Surname and name	Number of shares	Percent
1.	Miron Sorin	1.000	0,00200%
2.	Boitan Daniela	9.240	0,01900%
3.	Buta Adrian	0	0,00000%

According to the resolution of the AGEA no.3/26.04.2023, a stock option plan "Stock Options Plan" or "SOP" has been approved for the allocation of shares to directors, administrators and other employees or managers of the Company with the aim of attracting, retaining and motivating Eligible Persons who can contribute to the development and promotion of the Company's success. In the meeting of the Board of Directors of Prefab SA on 30.06.2023 the grant criteria were approved by Decision no.20/30.06.2023 respectively **the Performance Conditions** that must be met before an Option can be granted/exercised .

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

- PREFAB INVEST SA - has a share capital of 150,000 lei structured in 4,000 shares with a nominal value of 37.50 lei/share. On 30.06.2023, the situation of the subscribed and paid-up share capital is as follows:

Item no.	Shareholder	No. of shares held	Nominal value	Share capital	% of share capital
1	PREFAB SA	3.996	37.5	149.850	99.99
2	Other shareholders	4	37.5	150	0.01
	Total	4.000		150.000	100,00

The current composition of the Board of Directors of Prefab Invest SA is as follows:

Item	**Surname and name**	Function	Profession

no.			
1.	Milut Petre Marian	Chairman of the Board	Engineer
2.	Negrau Relu Dorin	member	Lawyer
3.	Voicu Irina	member	Lawyer

Duration of the Prefab Invest Board of Directors mandate: 4 years (until Feb 2024).
The management of PREFAB INVEST SA in the year 2023, semester I, was as follows:

1. Director General - ec. Nistor Carmen
2. Economic Director - ec. Tancu Razvan
3. Head of financial-accounting service - ec . Popovici Casandra
4. Head of logistic department - ec. Tudor Sorin

Term for which the person is part of the executive management: indefinite
During the first half of 2023, there were no restrictions related to the transfer of securities.
There are no holders of securities with special control rights and there are no restrictions on the voting rights of shareholders in terms of limiting the voting rights of holders to a set percentage or number of votes, time limits for exercising voting rights, etc.
There are no agreements between shareholders that are known to the entity that may result in restrictions on the transfer of securities and/or voting rights.
The appointment of directors is made by the AGOA in accordance with the provisions of Law 31/90 republished as amended.
The directors are not entitled to issue or redeem their own shares. This is the AGM's power.
According to the legal provisions, the group's profit is not distributed, it is only an economic indicator to inform the shareholders.

The profit/loss realised individually by each company within the group is subject to distribution at the general meetings of each entity.

Attached to this report :
1. Interim consolidated financial statements as at 30.06.2023.

7. Signatures

Chairman of the Board of Directors,
Milut Petre Marian

Statement of the Board of Directors
to PREFAB SA

The Board of Directors of PREFAB SA hereby declares that it assumes responsibility for the preparation of the Interim Consolidated Financial Statements as at 30 June 2023.
The Board of Directors of PREFAB SA confirms the following with regard to the Consolidated Half-Yearly Financial Statements as at 30 June 2023:

a) The Consolidated Half-Yearly Financial Statements are prepared in accordance with OMFP no. 2844/2016 of 12 December 2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards.
b) The accounting policies used in the preparation of the Interim Consolidated Financial Statements comply with applicable accounting regulations;
c) The Consolidated Half-Yearly Financial Statements give a true and fair view of the financial position, financial performance and other information relating to the business;
d) The Group carries out its activity in conditions of continuity.

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

Signatures:

Chairman of the Board of Directors

Milut Petre Marian

PREFAB SA BUCHAREST -the parent company

CONSOLIDATED BALANCE SHEET OF PREFAB S/

INDICATOR NAME	Row no.	Consolidated balance sheet on 01.01.2023	Consolidated balance sheet on 30.06.2023
A	B		
A. FIXED ASSETS			
I. INTANGIBLE ASSETS			
1. Formation expenses (acct. 201-2801)	1		
2. Development costs (acct. 203-2803-2903)	2		
3. Concessions, patents, licenses, trademarks, rights	3	31,840	17,507
and similar values and other intangible assets			
(acct. 2051+2052+208-2805-2808-2905-2908)			
4. Goodwill (acct. 2071-2807-2907-2075)	4		
5. Intangible assets in progress (acct. 233+234-2933)	5		
TOTAL: (rows 01 - 05)	**6**	**31,840**	**17,507**
II. TANGIBLE FIXED ASSETS			
1. Land and buildings (acct. 211+212-2811-2812-2911-2	7	147,119,782	146,167,864
2. Technical installations and machines (acct. 213-2813-2	8	50,453,270	48,005,334
3. Other installations, machinery and furniture (acct. 214-	9	37,228	45,965
4. Real estate investments		0	0
5.Tangible fixed assets in progress (acct. 231+232-2931)	10		
6. Advances on property, plant and equipment	11	4,279,806	6,708,552
TOTAL: (rows 07 - 10)	**12**	**201,890,086**	**200,927,715**
III. Biological assets		**6,049**	**5,532**
IV. FINANCIAL ASSETS			
1. Shares held in affiliated entities not included in the con	13	0	0
(acct. 261-2961)			
2. Loans granted to affiliated entities not included in the c	14	0	0
(acct. 2671+2672-2965)			
3.Participation interests held in entities not included in th	15	0	0
4. Loans granted to entities to which the company is linke	16		
(acct. 2673+2674-2965)		0	0
5. Investments held as fixed assets (acct.265-2963)	17		
6. Other loans (acct. 2675+2676+2678+2679-2966-2968	18	300	300
IV. EQUIVALENT TITLES			
TOTAL: (rows 12 - 17)	**19**	**300**	**300**
FIXED ASSETS - TOTAL	**20**	**201,928,275**	**200,951,054**
(rows 06+11+18)			
B. CURRENT ASSETS			
I. STOCKS			
1. Raw materials and consumables	21	6,959,120	8,378,611
(acct. 301+3021+3022+3023+3024+3025+3026+3028+			
303+/-308+351+358+381+/-388-391-3921-3922-3951-3958-398)			
2. Production in progress	22	336,710	877,109
(acct. 331+332+341+/-3481+3541-393-3941-3952)			
3. Finished goods and merchandise	23	14,776,936	16,535,803
(acct. 345+346+/-3485+/-3486+3545+3546+356+357+			
361+/-368+371+/-378-3945-3946-3953-3954-3956-3957-396-397-4428)			
4. Advances for stocks		456,240	952,575
TOTAL: (rows 20 - 23)	**24**	**22,529,006**	**26,744,098**
II. RECEIVABLES			
1. Trade receivables	25	38,004,656	39,371,740
(acct. 4092+4111+4118+413+418-491)			
2. Advances paid		37,851	67,626

PREFAB SA BUCHAREST -the parent company

CONSOLIDATED BALANCE SHEET OF PREFAB S/

INDICATOR NAME	Row no.	Consolidated balance sheet on 01.01.2023	Consolidated balance sheet on 30.06.2023
A	B		
3. Amounts receivable from affiliated entities not include	26		
(acct. 451-4951)			
4. Amounts receivable from entities that the company is l	27	0	0
(acct. 453-495)			
5. Other receivables	28	321,043	706,477
(acct. 425+4282+431+437+4382+441+4424+4428+444+			
445+446+447+4482+4582+461+473-496+5187)			
6. Subscribed and unpaid capital	29	0	0
(acct. 456-495)	0		
TOTAL: (rows 25 - 29)	**30**	**38,363,550**	**40,145,843**
III. SHORT - TERM FINANCIAL INVESTMENTS			
1. Shares held in affiliated entities not included in the cor	31	0	0
(acct. 501-591)			
3. Other short-term investments	32	0	0
(acct. 505+506+508-595-596-598+5113+5114)			
TOTAL: (rows 31 + 32)	33		
IV. CASH AND BANK ACCOUNTS	**34**	**1,673,202**	**815,174**
(acct. 5112+512+531+532+541+542)			
CURRENT ASSETS - TOTAL	**35**	**62,565,758**	**67,705,115**
(rows 24+30+33+34)			
C. PREPAYMENTS	**36**	381,290	826,759
(acct. 471)			
D. DEBTS TO BE PAID IN A PERIOD OF ONE YEAR			
1. Loans from bond issues	37		
(acct. 161+1681-169)			
2. Amounts owed to credit institutions	38	22,806,559	19,040,458
(acct. 1621+1622+1624+1625+1627+1682+5191+5192+			
5198)			
3. Advances received on account of orders (acct. 419)	39	5,118,512	8,662,350
4. Trade payables (acct. 401+404+408)	40	4,310,007	7,002,146
5. Trade bills payable (acct. 403+405)	41		
6. Amounts owed to affiliated entities	42		
(acct. 1661+1685+2691+451)			
7. Amounts due to the entities to which the company is li	43		
(acct. 1663+1686+2692+453)			
8. Other debts, including tax and social security debts	44	2,360,949	8,811,508
(acct. 1623+1626+167+1687+2698+421+423+424+426+			
427+4281+431+437+4381+441+4423+4428+444+446+447+			
4481+4551+4558+456+457+4581+462+473+509+5186+			
5193+5194+5195+5196+5197)			
TOTAL: (rows 37 - 44)	**45**	**34,596,027**	**43,516,462**
E. NET CURRENT ASSETS, NET CURRENT DEBTS	46	**28,351,021**	**25,015,412**
(rows 35+36-45-62)			
F. TOTAL ASSETS MINUS CURRENT DEBTS	**47**	**226,770,584**	**226,967,191**
(rows 19+46-61)			
G. DEBTS TO BE PAID IN A PERIOD GREATER		0	0
THAN 1 YEAR			
1. Loans from bond issues	48	0	0
(acct. 161+1681-169)			

PREFAB SA BUCHAREST -the parent company

CONSOLIDATED BALANCE SHEET OF PREFAB S/

INDICATOR NAME	Row no.	**Consolidated balance sheet on 01.01.2023**	**Consolidated balance sheet on 30.06.2023**
A	B		
2. Amounts owed to credit institutions	49	4,328,188	4,996,011
(acct. 1621+1622+1624+1625+1627+1682+5191+5192+			
5198)			
3. Advances received on account of orders (acct. 419)	50	0	0
4. Trade payables (acct. 401+404+408)	51		
5. Trade bills payable (acct. 403+405)	52	0	0
6. Amounts due to affiliated entities not included in the c	53		
(acct. 1661+1685+2691+451)		0	0
7. Amounts due to the entities to which the company is li	54		
(acct. 1663+1686+2692+453)			
8. Other debts, including tax and	55	459,610	459,610
social security debts			
(acct. 1623+1626+167+1687+2698+421+423+424+426+			
427+4281+431+437+4381+441+4423+4428+444+446+447+			
4481+4551+4558+456+457+4581+462+473+509+5186+			
5193+5194+5195+5196+5197)			
TOTAL: (rows 48 - 55)	**56**	**4,787,798**	**5,455,621**
H. PROVISIONS		0	0
1. Provisions for pensions and other similar obligations (a	57	0	0
2. Provisions for taxes	58	0	0
3. Other provisions (acct.1511+1512+1513+1514+1518)	59	0	0
TOTAL PROVISIONS: (rows 57 - 59)	**60**	**0**	**0**
I. ADVANCE INCOME			
Investment grants (acct. 131+132+133+134+138)	61	**3,508,712**	**3,256,315**
Revenues recorded in advance (acct. 472)	62	0	0
Negative goodwill		0	0
	63	0	0
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. Paid subscribed capital (acct. 1012)	64	**24,266,709**	**24,266,709**
2. Unpaid subscribed capital (acct. 1011)	65	0	0
3. Share capital adjustments		0	0
4. Other elements of social capital		-459,609	-459,609
TOTAL (rows 64 - 66)	**67**	**23,807,100**	**23,807,100**
II. CAPITAL PREMIUMS	**68**		
(acct. 104)		14,305,342	14,305,342
III. REVALUATION RESERVES (acct.105)	**69**	**117,173,624**	**117,173,624**
IV. RESERVES			
1. Legal reserves (acct.1061)	70	6,054,252	6,054,252
2. Statutory or contractual reserves	71	0	0
3. Fair value reserves		0	0
4. Reserves representing the surplus realized from revalu	72	0	0
(acct. 1063)			
4. Other reserves (acct. 1068)	73	43,753,974	46,195,720
TOTAL (rows 70 to 73-74)	**74**	**49,808,226**	**52,249,972**
Own shares (acct. 109)	**75**	**0**	**0**
V. CONVERSION RESERVES		**0**	**0**

PREFAB SA BUCHAREST -the parent company

CONSOLIDATED BALANCE SHEET OF PREFAB S/

INDICATOR NAME	Row no.	Consolidated balance sheet on 01.01.2023	Consolidated balance sheet on 30.06.2023
A	B		
VI. Retained earnings except for retained earnings arising from the first adoption of IAS 29 (117)		**9,579,053**	**9,588,755**
VII. Deferred income from the first adoption of IAS 29 (118)		**0**	**0**
VIII. PROFIT OR LOSS OF THE FINANCIAL YEAR			
Balance C (acct.121)	**78**	**7,766,331**	**125,048**
Balance D (acct. 121)	79	0	0
Distribution of profit	80	449,833	0
TOTAL EQUITY	**81**	**221,989,843**	**217,249,841**
(rows 67+68+69+75+76-77+78-79-80)			
Public patrimony (acct. 1016)	82	0	0
TOTAL CAPITALS (rows 81+82)	**83**	**221,989,843**	**217,249,841**
		264,875,323	269,482,928
		264,882,380	269,478,239
		-7,057	4,689

Chairman of the Board of Directors
S.C. Prefab S.A. Bucharest -
the parent company
Eng. Milut Petre Marian

Drafted by
Economic Director - S.C. Prefab S.A. Bucharest -
the parent company
Ec. Boitan Daniela

PREFAB SA Bucharest - the parent company

Consolidated profit and loss account of PREFAB SA Bucharest - the parent company

Denumirea indicatorului	Row no.	Consolidated account on 30.06.2022	Consolidated account on 30.06.2023
A	B		
1. Net turnover	**1**	**43,978,299**	**60,858,243**
(rows 02 - 04)			
Production sold	2	42,767,221	35,831,117
(acct. 701+702+703+704+705+706+708)			
Revenue from sale of goods (acct. 707)	3	1,763,170	26,728,026
Trade discounts granted (acct.709)	4	552,092	1,700,900
Income from operating subsidies related to			
net turnover	5		
(acct. 7411)			
2. Income related to stocks of finished products -------- I	6	0	3,017,435
(acct. 711) --- I	7	2,559,693	0
3. Fixed production	8	0	1,012,813
(acct. 721+722)			
4. Other operating revenues	9	325,874	940,152
(acct. 758+7417)			
5. Real estate investment income	10	0	0
OPERATING INCOME – TOTAL	**11**	**41,744,480**	**65,828,643**
5.a) Expenditure on raw materials			
and consumables	12	15,118,452	24,916,580
(acct. 601+602-7412)			
Other material expenses	13	1,365,704	2,204,698
(acct. 603+604+606+608)			
b) Other external expenditure (energy and water)	14	7,696,639	14,034,564
(acct. 605-7413)			
Expenditure on goods (acct.607)	15	14,205	3,427
Trade discounts received (acct. 609)	16	79,061	186,341
6. Staff costs (rows 18+19)	**17**	**7,860,025**	**13,330,565**
a) Wages (acct. 641+ 642-7414)	18	7,598,074	13,012,361
b) Expenditure on insurance and social protection	19	261,951	318,204
(acct. 645-7415)			
7. a) Adjusting the value of tangible	20	4,738,228	4,852,176
and intangible assets			
a.1) Expenditure (acct. 6811+6813)	21	4,738,228	4,852,176
a.2) Income (acct.7813)			
7.b) Adjusting the value of current assets	22	0	0
b.1) Expenditure (acct. 654+6814)	23	0	0
b.2) Income (acct.754+7814)	24	0	0
8. Other operating expenses	25	**3,803,771**	**5,297,259**
8.1. Expenditure on external services	26	3,162,868	4,523,768
(acct. 611+612+613+614+621+622+623+624+625+626+627+			
628-7416)			
8.2. Expenses with other taxes, fees			
and assimilated payments (acct. 635)	27	566,165	699,856
8.3. Compensation expenses, donations and assigned assets			
(acct. 658)	28	74,738	73,635
Real estate investment expenses	29		
Adjustments for provisions for risks			
and charges	30		
Expenditure (acct. 6812)	31		
Real estate investment expenses	32	0	0
OPERATING EXPENSES – TOTAL	**33**	**40,517,963**	**64,452,928**

PREFAB SA Bucharest - the parent company

Consolidated profit and loss account of PREFAB SA Bucharest - the parent company

Denumirea indicatorului	Row no.	Consolidated account on 30.06.2022	Consolidated account on 30.06.2023
A	B		
OPERATING RESULT:			
Profit	**34**	**1,226,517**	**1,375,715**
Loss	**35**		
9. Income from participation interests	36		
(acct. 7611+7613)			0
out of which, revenues obtained from affiliated entities	37		
10. Income from other financial investments and receivables			
that are part of fixed assets	38		
(acct. 763)			
out of which, revenues obtained from affiliated entities	39		
11. Interest income (acct. 766)	40	449	94
out of which, revenues obtained from affiliated entities	41		
Other incomes	42		
(acct. 762+764+765+767+768)		3,412	100,854
FINANCIAL REVENUE – TOTAL	**43**	**3,861**	**100,948**
12. Adjusting the value of financial assets and		0	0
of financial investments held as		0	0
current assets	44	0	0
Expenditure (acct. 686)	45	0	0
Income (acct. 786)	46	0	0
13. Interest charges (acct. 666-7418)	47	611,652	1,020,101
of which expenses in relation to affiliated entities	48		
Other financial expenses	49	34,340	135,913
(acct. 663+664+665+667+668+688)		0	0
FINANCIAL EXPENSES – TOTAL	**50**	**645,992**	**1,156,014**
FINANCIAL RESULT:			
Profit	**51**	**0**	**0**
Loss	**52**	**-642,131**	**-1,055,066**
14. CURRENT RESULT:		**0**	**0**
Profit	**53**	**584,386**	**320,649**
Loss	**54**		
15. Extraordinary income (acct.771)	55	0	0
16. Extraordinary expenses (acct. 671)	56	0	0
17. EXTRAORDINARY RESULT:		0	0
Profit	57	0	0
Loss	58	0	0
TOTAL INCOME (rows 10+42+54)	**59**	**41,748,341**	**65,929,591**
TOTAL EXPENSES (rows 32+49+55)	**60**	**41,163,955**	**65,608,942**
GROSS RESULT:			
Profit	**61**	**584,386**	**320,649**
Loss	62	0	0
18. PROFIT TAX (acct. 691)	63	157,211	195,563
19. Other taxes not shown in the above items (acct. 698)	64	0	0
20. NET RESULT OF THE FINANCIAL YEAR:			
Profit	**65**	**427,175**	**125,086**
Loss	**66**		
minority interest		29	38

Chairman of the Board of Directors
S.C. Prefab S.A. Bucharest -
the parent company

Drafted by
Economic Director - S.C. Prefab S.A. Bucharest -
the parent company

PREFAB SA Bucharest - the parent company

Consolidated profit and loss account of PREFAB SA Bucharest - the parent company

Denumirea indicatorului	Row no.	Consolidated account on 30.06.2022	Consolidated account on 30.06.2023
A	B		

Eng. Milut Petre Marian

Ec. Boitan Daniela

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2022**	**30 June 2023**
Tangible fixed assets	5	201.890.086	200.927.715
Intangible assets	4	31.840	17.507
Real estate investment		0	0
Investments in other entities	6	300	300
Biological actives		6.049	5.532
TOTAL FIXED ASSETS		**201.928.275**	**200.951.054**
Stocks	8	22.529.006	26.744.098
Trade and other receivables	7	38.363.550	40.145.843
Cash and cash equivalents	9	1.673.202	815.174
Other assets (prepaid expenses)		381.290	826.759
TOTAL CURRENT ASSETS		**62.947.048**	**68.531.874**
1.TOTAL ACTIVE		**264.875.323**	**269.482.928**
Share capital	10	24.266.709	24.266.709
Adjustments to share capital		0	0
Other equity items		(459.609)	(459.609)
Capital premium	11	14.305.342	14.305.342
Revaluation reserves	11	117.173.624	117.173.624
Book	11	49.808.226	52.249.972
Retained earnings except those arising from the first-time adoption of IAS 29	12	9.579.053	9.588.755
Profit at the end of the reporting period	14	7.766.331	125.048
Profit sharing	13	(449.833)	0
2.TOTAL EQUITY		**221.989.843**	**217.249.841**
Long-term loans	18	4.328.188	4.996.011
Deferred income tax debt	20	459.610	459.610
TOTAL LONG-TERM DEBT		**4.787.798**	**5.455.621**
Trade and other payables	19	9.428.519	15.664.496
Short-term loans	17	22.806.559	19.040.458
Other debts	19	2.360.949	8.811.508
TOTAL SHORT-TERM DEBT		**34.596.027**	**43.516.462**
Investment grants, of which:	21	**3.508.712**	**3.256.315**
- current portion		504.795	504.795
- over one year		3.003.917	2.751.520
TOTAL LIABILITIES		**264.882.380**	**269.478.239**
4. MINORITY INTEREST		**(7.057)**	**4.689**

The notes to the interim consolidated financial statements 1 to 32 form an integral part of these financial statements.The interim consolidated financial statements were approved by the Board of Directors on 19.07.2023 and were signed by:

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

Economic Director,
Ec. Daniela Boitan

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the six months ended 30 June 2023

		Note	30 June 2022	30 June 2023
1.	Income from sales	22	43.978.299	60.858.243
2.	Cost of sales	23	31.352.789	45.643.683
3.	**Gross margin**		**12.625.510**	**15.214.560**
4.	Other operating income	22	(2.233.819)	4.970.400
5.	Distribution expenses	-	4.255.134	5.176.425
6.	Administrative expenditure	-	3.731.106	10.136.539
7.	Other operating expenditure	23	1.178.934	3.496.281
8.	**Operating result**		**1.226.517**	**1.375.715**
9.	Financial income	24	3.861	100.948
10	Financial expenses	25	645.992	1.156.014
11.	**Financial result**		**(642.131)**	**(1.055.066)**
12.	**PROFIT FROM ORDINARY ACTIVITIES**		**584.386**	**320.649**
13.	Income tax expense	26	157.211	195.563
14.	**Net profit for the period**	**26**	**427.175**	**125.086**
	Allocable to parent company		**427.146**	**125.048**
	Disclosable to non-controlling interests		**29**	**38**
15.	**Other comprehensive income for the period, total, of which**		**0**	**0**
16.	-increases/decreases in the revaluation reserve for tangible fixed assets		0	0
17.	Tax relating to other comprehensive income		0	0
18.	**Items to be reclassified to the income statement, total, of which:**	12	(28)	0
19.	- increases/decreases in reserves from conversion			
20.	- increases/decreases in reserves from conversion		**(28)**	**0**
	Total comprehensive income for the period		**427.147**	**125.086**

Notes 1 to 32 to the interim consolidated financial statements form an integral part of these financial statements. The interim consolidated financial statements were approved by the Board of Directors on 19.07.2023 and were signed by:

Chairman of the Board of Directors, **Economic Director,**

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the six months ended 30 June 2023

	Share capital	Other equity items (ct 1034)	Capital premium	Book	Retained and current result	Uncontrollable interests	Total
31 December 2022	**24.266.709**	**(459.609)**	**14.305.342**	**166.981.850**	**16.895.551**	**(7.057)**	**221.982.786**
Current overall result					125.048		125.048
Allocations other reserves				2.453.454	(2.453.454)		0
Distribute dividends					(4.853.342)		(4.853.342)
Increases / decreases in retained earnings					9.702 (9.702)		0
Increases/decreases				(11.708)		11.708	0
Minority interests						38	38
30 June 2023	**24.266.709**	**(459.609)**	**14.305.342**	**169.423.596**	**9.713.803**	**4.689**	**217.254.530**

Notes 1 to 32 to the interim consolidated financial statements form an integral part of these financial statements.
The interim consolidated financial statements were approved by the Board of Directors on 19.07.2023 and were signed by:

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

Economic Director,
Ec. Daniela Boitan

STATEMENT OF CASH FLOWS for the GROUP
for the period of 6 months ending 30.06.2023

Item name	30.06.2022	30.06.2023
Cash flows from operating activities:		
(+)Net profit before tax	584.386	320.649
Adjustments for:		
(+)Depreciation and value adjustments related to tangible and intangible fixed assets	4.738.228	4.852.176
(-)Value adjustments reversed during the year	0	0
(+)Subsidies - variation	-252.397	-252.397
(+)Interest and other financial charges	645.992	1.156.014
(-)Interest and other financial income	3.861	-100.948
(-)Loss/(profit) on sale of property, plant and equipment	0	0
(-)Income tax paid	157.211	195.563
Operating profit before changes in working capital		
(-)Decrease/increase in trade and other receivables	-607.644	-1.782.293
(-)Decrease/increase in stocks	1.465.794	-4.215.092
(+)Decrease/increase in trade and other debts	-13.227.696	14.402.825
Net cash from operating activities	**-6.499.987**	**14.576.497**
Cash flows from investing activities:		
(-)Payments for acquisition of tangible and intangible fixed assets	124.523	-1.281.096
(+)Proceeds from sale of tangible and intangible assets	0	
(+)Interest income	0	100.863
Net cash from investing activities	**-124.523**	**-1.180.233**
Cash flows from financing activities:		
(+)Primate loans	43.183.117	21.658.395
(-)Loan repayments	36.304.335	-34.756.673
(-)Interest paid	659.354	-1.156.014
Net cash flow from financing activities	**6.232.790**	**-14.254.293**
Net increase/decrease in cash and cash equivalents	**-391.720**	**-858.028**
Cash and cash equivalents at beginning of period	**673.064**	**1.673.202**
Cash and cash equivalents at the end of the period	**281.344**	**815.174**

Notes 1 to 32 to the interim consolidated financial statements form an integral part of these financial statements.

The interim consolidated financial statements were approved by the Board of Directors on 19.07.2023 and were signed by:

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
for the 6-month period ending 30 June 2023

1. Group Information

PREFAB SA as parent company, is a joint stock company operating in accordance with the provisions of Law no. 31/1990 on companies, republished with subsequent amendments and additions, established under GD no. 1200 / 12 November 1990. The parent company is registered with the Trade Register under number J40/9212/04.07.2003 and has the unique registration code RO1916198.

PREFAB SA parent company is a manufacturer of precast concrete elements and other building materials; it was established in 1967 to meet the requirements of elements for housing, industrial, agro-zootechnical and irrigation constructions; it was privatized in 1999, through the purchase of the majority of shares from F.P.S. by the mixed capital company, Romerica International SRL.

The head office is registered in Bucharest, address: 17-19, Dr. Iacob Felix Street, 2nd floor, sector 1, Bucharest, Romania.

The subscribed and paid-up share capital as of 30.06.2023 is **24,266,709.5 lei**, divided into **48,533,419 shares** at a nominal value of 0.5 lei/share.

During the first half of 2023, the share capital of PREFAB SA parent company did not change.

The shares issued by PREFAB SA - parent company are indivisible, dematerialized and since 5 July 2010 are traded on the regulated market administered by the B.V.B. and in the STANDARD category since 5 January 2015.

The last trading price of the shares of PREFAB SA - parent company, valid on 27.07.2023 was 3.36 lei/share.

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

The Group's core business

The main activity of PREFAB SA Group is the production and marketing of precast concrete products, reinforced concrete pressure tubes, prestressed concrete, autoclaved aerated concrete, metal products for the building materials industry and other construction materials, execution of construction works, wood carpentry, PVC carpentry, extraction of mineral aggregates from the Danube, production of electricity and thermal energy.

General presentation of the entities in which PREFAB SA - parent company owns shares or equity interests:

The interim consolidated financial statements are presented by PREFAB SA as parent company for the first half of 2023. These consolidated financial statements incorporate the results of PREFAB SA - parent company and its subsidiary, together referred to as the Group, namely: PREFAB INVEST SA, a company established on 10.05.2000, with registered office in Bucharest, Dr. Iacob Felix Street, no. 17-19, 2nd floor, room 2, sector 1.

The share capital of PREFAB INVEST SA is 150,000 lei, consisting of 4,000 shares at a par value of 37.5 lei/share.
PREFAB SA owns shares worth 149,850 lei and a 99.9% share in the share capital of the company. This ownership is materialized in a number of 3,996 shares with a nominal value of 37.5 lei per share and confers control over it, given the percentage held in the share capital of this company.
It should be mentioned that the shares of this company were not traded on the stock market.
Wishing to establish an association to promote activities related to the precast concrete production industry, PREFAB SA - parent company together with 8 other renowned companies in this field, agreed to establish the "PREFBETON Precast Concrete Producers Association". The purpose of the Association is to promote precast concrete products, to represent, support and defend the technical, economic and legal interests related to the trade and industry of precast concrete products, to develop and encourage cooperation in the scientific, technical and standardization field and to stimulate contracts between specialists in the country. The initial patrimony of the Association was 1.800 lei, the contribution of PREFAB SA - parent company being 200 lei.
It should be mentioned that the shares of these companies are not traded on the capital market.
The parent company has not issued bonds or other debt securities.

On 30.06.2023, PREFAB SA - the parent company has the following working point: Calarasi, str. Bucuresti, nr. 396, jud. Calarasi

The shareholding structure on 23.06.2023, according to the data from the Central Depository, was as follows:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL SRL BUCURESTI	33.805.991	69.6551
CELCO CONSTANTA	12.795.000	26.3633
OTHER SHAREHOLDERS - Legal entities	137.574	0.2835
OTHER SHAREHOLDERS - Individuals	1.794.854	3.6981
TOTAL	**48.533.419**	**100.0000**

2. THE BASICS OF DRAFTING

2.1. Declaration of conformity

PREFAB SA, as parent company, consolidates the interim financial statements, a provision included in art. 9, paragraph 3 of the Accounting Law no. 82/1991, republished.
The interim consolidated financial statements are prepared in accordance with the provisions of OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards, as amended and clarified.
Also, being an entity whose securities are admitted to trading on a regulated market, PREFAB SA - parent company, holding a controlling position in several subsidiaries, prepares and publishes half-yearly consolidated interim financial statements in accordance with the requirements of Law no.24/2017 and ASF Regulation no.5/2018 on issuers of financial instruments and market operations.
The Ministry of Finance Order no. 1121/2006 requires Romanian listed companies to prepare consolidated financial statements in accordance with IFRS, as adopted by the EU.
The Group's consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles set out in International Financial Reporting Standards as

endorsed by the European Union ("IFRS") and in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as endorsed by the European Union.
The consolidated interim financial statements for the first half of 2023, contain the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, prepared for a six-month period ending 30.06.2023.
The Group has presented consolidated financial statements prepared in accordance with IFRS as endorsed by the European Union from the financial year 2011. The consolidated financial statements prepared for the financial year 2012 included adjustments to the consolidated financial statements for the financial year 2011 (for 31.12.2011 and 01.01.2011) mainly due to the change in the presentation of the components of the financial statements, reclassifications of some items, as well as the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". The presentation of adjustments to the consolidated financial statements for the financial year 2011 was also necessary as a result of the application in the individual financial statements of PREFAB SA - parent company of the provisions of OMFP 881/2012 on the application by companies whose securities are admitted to trading on a regulated market of the International Financial Reporting Standards and of the Order of the Minister of Public Finance No. 1286./2012 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated securities market.
In accordance with the provisions of OMFP 881/2012 on the application by companies whose securities are admitted to trading on a regulated market of the International Financial Reporting Standards and the Order of the Minister of Public Finance no. 1286/2012 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated securities market, **companies whose securities are admitted to trading on a regulated market were obliged**, starting with the financial year 2012, to apply the International Financial Reporting Standards (IFRS) when preparing their individual annual financial statements. As PREFAB SA - parent company adopts IFRS as the new basis of accounting for the year 2012, the Group has also applied the provisions of IFRS 1 "First-time Adoption of International Financial Reporting Standards" in the individual financial statements.
For the financial year 2012, the individual annual financial statements of PREFAB SA - parent company under IFRS have been prepared by restating the information from the accounting organized on the basis of the Accounting Regulations in accordance with Directive IV of the European Economic Communities, approved by the Order of the Minister of Public Finance No 3.055/2009, for the approval of the Accounting Regulations in accordance with European Directives, as amended and supplemented.

Basis of evaluation

The financial statements are presented in lei ("Romanian leu"), have been prepared on the historical cost basis, except for the revaluation of certain fixed assets and financial instruments which are measured at fair value and items of share capital, legal reserves and other reserves made up of net profit, which have been adjusted in accordance with International Accounting Standard ("IAS") 29 "Financial Reporting in Hyperinflationary Economies", up to 31 December 2003.
The interim consolidated financial statements for the six months ended 30 June 2023 have been prepared using the going concern basis of accounting.

2.3. Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the economic environment in which the entity operates ("functional currency"), i.e. the leu. The financial statements are presented in lei, which is the functional and presentation currency of the parent company, with amounts rounded to the nearest thousand.

According to the Order of the Minister of Public Finance no.2844/2016 for the approval of the Regulations in accordance with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, Chapter I, item 4 "**Accounting shall be kept in Romanian and in national currency**. The accounting of operations carried out in foreign currency shall be kept both in national currency and in foreign currency. Currency means a currency other than the leu. The consolidated annual financial statements shall be drawn up in Romanian and in the national currency."

Transactions denominated in foreign currency are recorded in lei at the official exchange rate on the settlement date. Monetary assets and liabilities denominated in foreign currency at the date of the statement of financial position are expressed in lei at the exchange rate on that day. Gains or losses on their settlement and on the translation of monetary assets and liabilities denominated in foreign currency using the exchange rate at the end of the financial year are recognised in profit or loss for the year. Non-monetary assets and liabilities that are valued at historical cost in foreign currency are recorded in lei at the exchange rate at the date of the transaction.

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

The exchange rates of the main currencies were as follows:

CURRENCY	Course 30 Jun 2022	Course 31 Dec 2022	Course 30 Jun 2023
EUR	4.9454	4.9474	4.9634
USD	4.7424	4.6346	4.5750

2.4. Use of professional estimates and reasoning

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated judgements are based on historical data and other factors considered to be relevant in the circumstances, and the outcome of these factors forms the basis of judgements used in determining the carrying amount of assets and liabilities for which no other sources of valuation are available. Actual results may differ from estimated values.

Estimates and judgements are reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the current period and in future periods, if the revision affects both the current period and future periods.The effect of the change relating to the current period is recognised as income or expense in the current period. If any, the effect on future periods is recognised as income or expense in those future periods.

The company's group management believes that any deviation from these estimates will not have a material impact on the consolidated financial statements in the foreseeable future.

Estimates and assumptions are used in particular for depreciation adjustments of fixed assets, securities held and valued at cost, estimation of the useful life of a depreciable asset, for impairment adjustment of receivables, for provisions; for recognition of deferred tax assets.

In accordance with IAS 36, both intangible assets and property, plant and equipment are analysed for indications of impairment at the balance sheet date.

Impairment loss is recognised to reduce the net carrying amount of the asset concerned to its recoverable amount. If the reasons for recognising the impairment loss disappear in subsequent periods, the net

carrying amount of the asset is increased to the level of the net carrying amount that would have been determined if no impairment loss had been recognised.
The assessment for impairment of receivables is performed on an individual basis and is based on management's best estimate of the present value of the cash flows expected to be received. The Group reviews its trade and other receivables at each financial position date to assess whether an impairment charge should be recognised in the income statement. In particular management's professional judgement is required in estimating the value and coordinating future cash flows when determining the impairment loss. These estimates are based on assumptions about several factors, and actual results may differ, leading to future changes in adjustments.
Deferred tax assets are recognised for tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. The exercise of professional judgement is required to determine the amount of deferred tax assets that can be recognised, based on the probability of the timing and level of future taxable profits and future tax planning strategies.

3. ACCOUNTING PRINCIPLES, POLICIES AND METHODS.

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

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

3.1. Intangible and tangible fixed assets; investment property;

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

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

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

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

The cost of purchased property, plant and equipment is the amount of consideration paid for the acquisition of those assets and the amount of other costs directly attributable to bringing the assets to the location and condition necessary for them to operate in the manner intended by management. The cost of self-constructed assets includes labour costs, materials, indirect production costs and other costs directly attributable to bringing the assets to their present location and condition.
The Group has elected to use the **revaluation model** for the measurement of property, plant and equipment after initial recognition. Under the revaluation model, an item of property, plant and equipment whose fair value can be measured reliably should be carried at revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.
Revaluations should be made with sufficient regularity to ensure that the carrying amount is not materially different from what would have been determined using fair value at the end of the reporting period.
The fair value of land and buildings is generally determined on the basis of market evidence through an appraisal by qualified professional valuers.
The fair value of items of property, plant and equipment is generally their market value determined by valuation.
The frequency of revaluations depends on changes in the fair value of the revalued property, plant and equipment. If the fair value of an asset differs significantly from the carrying amount, a new revaluation is required.
When an item of property, plant and equipment is revalued, any accumulated depreciation at the revaluation date is treated by the company as follows: it is restated in proportion to the change in the gross carrying amount of the asset, so that the carrying amount of the asset, after revaluation, equals its revalued amount.
Therefore, the frequency of revaluations depends on changes in the fair value of property, plant and equipment. If the fair value of a revalued item of property, plant and equipment at the balance sheet date differs significantly from its carrying amount, a further revaluation is required. Where fair values are volatile, as may be the case for land and buildings, frequent revaluations may be necessary. Where fair values are stable over a long period of time, as may be the case with plant and machinery, valuations may be required less frequently. IAS 16 suggests that annual revaluations may be required if there are significant and volatile changes in values.
The Group has opted to revalue buildings and land at least every three years and other categories of fixed assets at least every five years. According to Law 252/2022 , the group will opt for the revaluation of the taxable value of buildings and land at least every five years.
If an item of property, plant and equipment is revalued then the entire class of property, plant and equipment to which that item belongs must be revalued.
The last revaluation was carried out on 31 December 2020 in accordance with the regulations in force at that date, in order to determine their fair value, taking into account inflation, usefulness of the assets, their condition and market value. The results were recorded on the basis of the Technical Valuation Expert's Report prepared by an authorized appraiser, Neacsu Ileana. The increase in book value resulting from these revaluations was debited to the revaluation reserve, within the limit of the existing revaluation amounts.
The residual value of the asset and the useful life of the asset are reviewed at least at the end of the financial year.

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

Land owned is not depreciated.
If the cost of the land includes dismantling, removal and restoration costs, these costs are depreciated over the period in which benefits are obtained as a result of these costs.
The depreciation method used reflects the expected rate of consumption of the future economic benefits of the asset by the unit. At the end of each financial year the depreciation method is reviewed and if there is a significant change in the expected rate of consumption of future economic benefits it is changed to reflect the changed rate.
The Group has opted to use the straight-line depreciation method for all categories of fixed assets.

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

Tangible fixed assets Duration (years)

Construction 8-60
Technological equipment 3-24
Measuring, controlling and regulating apparatus and installations 4-24
Means of transport 4-18
Furniture, office equipment, equipment to protect human and material assets 3-18

Depreciation policy applied by the Group

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

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

3.1.3. Real estate investments

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

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

The Group has chosen the fair value based model for the valuation after recognition and presentation of investment property in the financial statements. Fair value is determined annually by a chartered appraiser. The fair value of an investment property reflects market conditions at the end of the reporting period.
From an accounting point of view, depreciation is no longer recorded, but depreciation/appreciation is recorded according to the annual valuation at fair value through profit or loss, depending on the valuation result.
As of 30.06.2023 the Group does not hold such assets.

Leasing

The Group has applied IFRS 16 from 1 January 2019, without restatement of comparative amounts for the prior period presented. The Group has elected to apply the proposed exemption in the standard for leases for assets with values considered by management to be immaterial and with periods less than 1 year.
For contracts entered into from 01.01.2019 to the lease commencement date, the Group recognises lease liabilities, measured at the present value at the marginal borrowing rate of the lease payments, over the lease term. Payments include fixed payments less any incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid as residual value.
As at 30.06.2023 the Group has no leasing contracts in place.

Biological assets

Within the meaning of IAS 41 'Agriculture', an agricultural activity is the management by a company of the biological processing and harvesting of biological assets for sale or for transformation into agricultural products or additional biological assets. A biological asset is a living animal or a living plant. At initial recognition of a biological asset, market-determined prices or values may not be available and alternative estimates of fair value may be unreliable. In this case, in accordance with paragraph 30 of IAS 41 the asset in question shall be measured at cost less any accumulated depreciation and any accumulated impairment losses.
The parent company has set up an agricultural sector, and the production obtained is destined for internal consumption directed to the company's canteen. In order to reduce costs, this sector, with the exception of vine cultivation, did not operate in the first half of 2023.

Two of the three existing vegetable greenhouses have been modernised through the SAPARD programme. Over the years, the entire production has been destined for domestic consumption during the operating period.
The Group has recognised under biological assets vineyards valued at cost less depreciation, based on the above provisions, and once the fair value can be reliably measured it is presented at this value less costs to sell.
The amortisation period is 24 years. All the difference from the revaluation of the asset reclassified in this category has been transferred to retained earnings from the transition to IFRS.

Financial assets

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

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

1) financial asset measured at amortised cost if both of the following conditions are met:
- Financial Assets are held within a business model whose objective is to hold Financial Assets to collect contractual cash flows;
- the contractual terms of the financial asset generate, at certain dates, cash flows that are exclusively payments of principal and interest related to the principal amount due;

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

3) a financial asset measured at fair value through profit or loss unless it is measured at amortised cost in accordance with paragraph 1 or at fair value through other comprehensive income in accordance with paragraph 2.
With the exception of trade receivables which are within the scope of IFRS 15, a financial asset or financial liability is initially measured at fair value, and for a financial asset or financial liability that is not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability are added or deducted.
After initial recognition, subsequent measurement of financial assets is at: amortised cost; fair value through other comprehensive income; or fair value through profit or loss.
Financial assets comprise shares held in subsidiaries, associates and jointly controlled entities, loans granted to these entities, other investments held as fixed assets and other loans.
PREFAB SA - parent company shows investments in subsidiaries at cost.

Investments in affiliated entities

Subsidiaries are entities under the control of the company.
IFRS 10 - Consolidated Financial Statements defines the principle of control and establishes control as the basis for consolidation. IFRS 10 sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate that entity.
An investor controls an investee if and only if the investor wholly owns the following:
a) authority over the entity in which it is invested;
b) exposure or variable income rights based on its participation in the entities in which it has invested;
c) the ability to use its authority over the investee to influence the value of the investor's returns.

For the preparation of the consolidated financial statements, the financial statements of the parent company and its subsidiaries are combined item by item by adding together similar items of assets, liabilities, equity, income and expenses. In order for the consolidated financial statements to present financial information about the group as a single entity, the following steps are taken:

(a) the book value of the investment made by the parent company in each subsidiary and its share in the capital of each subsidiary are eliminated;

(b) non-controlling interests in the profit or loss of consolidated subsidiaries for the reporting period are identified; and

(c) non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the equity of the parent company's equity interests. Non-controlling interests in net assets consist of:

(i) the value of those interests that it does not control at the date of the initial combination;

*(ii)*non-controlling interests' share of changes in equity since the combination date.

Intra-group balances, transactions, sales and expenses must be eliminated entirely.

3.5. Interest on loans

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

3.6. Government subsidies

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

3.7. Stocks

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

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

3.8. Receivables and similar assets

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

Cash and cash equivalents

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

3.10. Debts

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

A distinction must be made between short-term debt and long-term debt.
Current debts are those debts that must be paid within a period of up to one year.
A debt should be classified as short-term debt, also called current debt, when:

a) is expected to be settled in the normal course of the company's operating cycle; or
b) held primarily for trading purposes;
c) is due within 12 months of the balance sheet date;
d) The Group does not have an unconditional right to defer payment of the debt for at least 12 months from the balance sheet date.

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

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

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

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

3.11. Corporate income tax including deferred tax

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

3.11.1. Current income tax

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

3.11.2. Deferred tax

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

3.12. Revenue recognition

Revenue is measured in accordance with IFRS 15 - Revenue from Contracts with Customers.
The Group recognises revenue from the performance of a contract according to a unique five-step business model that is applicable to all industries and identifies the time of revenue recognition with the time of transfer of control of the asset to the customer.
Step 1.-identify the contract
Step 2.-identify the obligations of the entity provided for in the contract
Step 3.-fulfillment of enforcement obligations
Step 4.-determining the transaction price
Step 5.-allocation of the transaction price for each obligation under the contract

Sale of goods

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. The Group delivers goods on contractual terms based on delivery conditions. The time at which the customer obtains control of the goods is considered to be substantially the same for most of the Group's contracts under IFRS 15.

In the case of contracts with customers where the sale of goods is generally estimated to be the only remaining obligation, the adoption of IFRS 15 is not expected to have any impact on the Group's revenue and profit or loss.
The Group expects revenue recognition to occur at a point in time when control of the asset is transferred to the customer, namely upon delivery of the goods.
The adoption of IFRS 15 involved analysing contracts and determining the following:

Variable compensation

Some customer contracts involve volume rebates, financial discounts, commercial price reductions. Revenue from these sales is recognised on the basis of the contract price, net of returns and revenue rebates, trade discounts and volume discounts recognised on an accruals basis when a reasonable estimate of revenue adjustments can be made.
Revenue will be recognised to the extent that it is probable that a material reversal of the cumulative revenue recognised will not occur. Accordingly, for those contracts for which the Group is unable to make a reasonable estimate of the curtailment, revenue will be recognised earlier rather than when the reversal period passes or when a reasonable estimate can be made.
As the contract periods for most contracts coincide with the calendar years for which the annual financial statements are prepared and because the Group currently reports annual revenue from customer contracts net of adjustments (volume discounts or financial discounts), there is no impact on retained earnings from the treatment of variable revenue as a result of the adoption of IFRS 15.
The cases of quality claims (rights of return) are isolated and insignificant, so that the Group cannot make a reasonable estimate of such a reversal of revenue at the reporting date.

Impact on retained earnings

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

Recognition of income from separate performance bonds

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

Provision of services

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

Enforcement obligations fulfilled in time

The group transfers control of a good or service over time and therefore fulfils a performance obligation and recognises revenue over time if one of the following criteria is met:
(a) the customer simultaneously receives and consumes the benefits of the entity's execution as the entity executes;
(b) execution by the entity creates or improves an asset (for example, work in progress) that the customer controls as the asset is created or improved;
(c) performance by the entity does not create an asset with an alternative use for the entity and the entity has an enforceable right to payment for performance performed to that date.
Performance obligations fulfilled at a specific point in time
If the Group fulfils the performance obligation at a specific point in time (such as the supply of goods with an installation or commissioning clause at a specific point in time) in order to determine the specific point in time at which the customer obtains control of a promised asset and the Group fulfils a performance obligation, both the transfer of control provisions and the indicators of transfer of control are analysed, in particular the acceptance of the asset by the customer which can be certified by signing the commissioning report, or the explicit acceptance of payment.

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

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

Assessing the progress of meeting a performance obligation in full

For each performance obligation fulfilled over time the Group recognises revenue over time by assessing the progress towards full performance of that performance obligation. The purpose of measuring progress is to show the transfer of control over promised goods or services to a customer (i.e. the fulfilment of the performance obligation by the supplier).

Reasonable assessments of progress
The Group recognises revenue for a performance obligation discharged over time only if it can reasonably assess its progress towards discharging the performance obligation in full and has the reliable information necessary to apply an appropriate method of assessing progress.

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

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

Dividends and interest

Dividend income is recognised when the shareholder's right to receive payment is established. Dividend income is recorded at gross amount including dividend tax, which is recognised as an expense in the income tax expense.

Interest income is recognised on an accrual basis, by reference to the principal outstanding and the effective interest rate, that rate which exactly discounts the expected future cash flows of the amounts received.

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

Provisions are made for current liabilities to third parties when it is probable that the liabilities will be met and the amount required to settle the liabilities can be reliably estimated. Provisions for individual obligations are established at an amount equal to the best estimate of the amount required to settle the obligation.

Under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision should be recognised if:

a) The group has a present obligation (legal or constructive) arising from a past event;
b) It is likely that an outflow of resources incorporating economic benefits will be required to settle the obligation; and
c) An estimate of the value of the bond can be made.
If these conditions are not met, no provision should be recognised.

Provisions are grouped in the accounts by category and are established for:

a) litigation;
b) guarantees granted to customers;
c) decommissioning of tangible fixedassets and other similar actions related thereto;
d) restructuring;
e) employee benefits;
f) other provisions.

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

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

Restructuring provisions

The implicit obligation to restructure arises if a group:

- has a detailed official plan for the restructuring which outlines: the activity or part of the activity to which it relates, the main locations affected, the location, function and approximate number of employees who will receive compensation for the cessation of their activity, the expenses involved, the date on which the restructuring plan will be implemented;
- generated a justified expectation among those affected that restructuring would be achieved by starting the implementation of the restructuring plan or by communicating its main features to those who will be affected by the restructuring process.

The restructuring provision includes only direct restructuring-related expenses.

Provisions for employee benefits

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

Other provisions

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

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

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

3.14. Employee benefits - IAS 19 Employee benefits

Short-term benefits

Short-term employee benefit obligations are not discounted and are recognised in the statement of comprehensive income as the related service is rendered.

Short-term employee benefits include salaries, bonuses and social security contributions. Short-term benefits are recognised as an expense when services are rendered. A provision is recognised for amounts expected to be paid as short-term cash bonuses or employee profit-sharing schemes if the Group currently has a legal or constructive obligation to pay those amounts as a result of past services rendered by employees and if that obligation can be reliably estimated.

Benefits after termination of employment contract

The Group's employees are legally obliged to contribute to the social insurance schemes set up by the National Pension Fund administered by the National Pension House (contribution plan based on the "pay as you go" principle).
Therefore the Group has no further legal or constructive obligation to pay future contributions. Its obligation is only to pay contributions when they become due. If the Group ceases to employ persons who are contributors to the National Pension Fund, it will have no obligation to pay benefits earned by its own employees in previous years.

Defined contribution plans

The Group makes payments on behalf of its employees to the Romanian state pension system, health insurance, in the course of normal business.
All employees of the Group are members and are obliged to contribute to the pension system of the Romanian state. All related contributions are recognised in the income statement for the period when made. The Group is not engaged in any other post-employment benefit scheme. The Group has no obligations to provide subsequent services to former or current employees.
As of 1 January 2019, given the Caen code in which it operates, namely 2361, manufacture of concrete products for construction, the parent company is subject to the provisions of GEO no 114/2018, by which the construction sector is declared a sector of national importance, the minimum wage becomes 3.000 lei/month, the employees benefit from income tax exemption, health contribution exemption and CAS contribution decrease from 25% to 21.25%, provided that they obtain at least 80% of the turnover from the activity on the Caen code.
The parent company has had a voluntary pension scheme since April 2008 for employees with at least one year's service with the company and aged between 18 and 52. The contribution is paid by the employer, up to a limit of 200 euro/year. Contracts concluded by employees are for the NN Optim Voluntary Pension Fund administered by NN Asigurari de vida SA.

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

The Group may grant benefits in the form of the entity's own shares with the approval of the General Meeting of Shareholders of each consolidated unit.

3.15. Result of the exercise

In accounting, profit or loss is determined cumulatively from the beginning of the financial year.
The result for the financial year is determined as the difference between income and expenditure for the financial year.
The final result for the financial year is established at the year-end and represents the final balance of the profit and loss account.

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

3.16. Earnings per share. Diluted result.

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

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

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

The objective of this indicator is to assess the participation of each ordinary share in the performance of an entity, taking into account the influence of all diluted potential ordinary shares outstanding at that time.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are convertible, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of certain specified conditions. Antidilution is an increase in earnings per share or a reduction in loss per share resulting from the assumption that convertible instruments are convertible, that options and warrants are exercised, or that ordinary shares are issued upon the satisfaction of certain specified conditions.

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

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

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

3.17. Dividends

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

3.18. Capital and reserves.

Capital and reserves (shareholders' equity) represent the shareholders' right to the assets of an entity after deducting all liabilities. Own capital comprises: capital contributions, capital premiums, reserves, retained earnings, profit or loss for the financial year.
The share capital, consisting of common shares, is recorded at the value established on the basis of the deeds of incorporation. In the first set of financial statements prepared under IFRS, the company applied IAS 29 "Financial Reporting in Hyperinflationary Economies" for shareholder contributions obtained before 01.01.2004, i.e. they were adjusted by the corresponding inflation index.
Own shares repurchased, according to the law, are shown in the balance sheet as an adjustment to equity. Gains or losses related to the issue, redemption, sale, transfer free of charge or cancellation of the entity's equity instruments (shares, equity shares) are recognised directly in equity in the lines "Gains/losses related to equity instruments".

The Group recognises changes in share capital under the conditions provided for by the legislation in force and only after their approval by the Extraordinary General Meeting of Shareholders and their registration with the Trade Register Office, for each entity.

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

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

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

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

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

Reserves from the revaluation of fixed assets, including land, carried out up to 31 December 2003 plus the portion of the revaluation carried out after 1 January 2004 relating to the period up to 30 April 2009 will not be taxed when transferred to reserves representing the surplus realised from revaluation reserves.

Revaluation reserves are transferred to reserves representing the surplus realised on revaluation reserves when the revalued fixed assets are written off, while in the consolidated financial statements the transfer will be made to retained earnings.

Realised reserves are taxable in the future in the event of a change in the use of the reserves in any form, in the event of liquidation, merger of group entities, including its use to cover related losses, except for the transfer, after 1 May 2009, of reserves relating to valuations made after 1 January 2004.

Legal reserves

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

Entities in Romania were established according to Law no. 31/1990 on companies.

In the financial statements prepared in accordance with IFRS, the company has applied IAS 29-"Financial Reporting in Hyperinflationary Economies", adjusting the historical cost of share capital, legal reserves and other reserves for the effect of inflation up to 31 December 2003.

3.19. Segment reporting

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

Given that PREFAB SA shares - parent company are traded on the Bucharest Stock Exchange, and the company applies IFRS, it presents in its annual financial statements as well as in the interim reports prepared in accordance with ***IAS 34 Interim Financial Reporting***, information about its business segments, its products and services, the geographical areas in which it operates and its main customers.
In accordance with ***IFRS 8 'Business Segments***', a business segment is a component of an entity:
- which engages in business activities from which it may derive income and incur expenses (including income from transactions with other components of the same entity), and;
- whose business results are reviewed on a regular basis by the entity's chief operating decision-maker in order to make decisions on resource allocation by segment and to evaluate its performance, and;
- for which separate financial information is available.

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

3.20. Affiliated parties

A person or a close family member of that person is considered affiliated with a company if that person:
- has control or joint control of the company;
- has a significant influence on society; or
- is a member of key management personnel.

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

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

Information on relationships between related parties, subsidiaries and associates is disclosed in note 28.

3.21. Changes in accounting policies

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

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

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

New IFRS accounting standards and amendments to existing standards not yet effective

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

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

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

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

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

Standard	Title
IFRS 17	New IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by the IASB in June 2020 and December 2021
Amendments to	Presentation of accounting policies

IAS 1	
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred tax on claims and debts arising from a single transaction

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

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

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

Currently, IFRS as adopted by the EU do not differ significantly from IFRS as adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, which have not been adopted by the EU as at 30.06.2023.

Standard	**Title**	**EU adoption status**
Amendments to IAS 12	International tax reform - second pillar model rules (effective date set by the IASB: 1 January 2023*)	Not yet adopted by the EU
Amendments to IAS 1	Classification of debt into short-term debt and long-term debt and long-term debt with financial indicators (effective date set by the IASB: 1 January 2024)	Not yet adopted by the EU
Amendments to IFRS 16	Lease liabilities in a sale and leaseback transaction (effective date set by the IASB: 1 January 2024)	Not yet adopted by the EU
Amendments to IAS 7 and IFRS 7	Vendor financing arrangements (effective date set by the IASB: 1 January 2024)	Not yet adopted by the EU
IFRS 14	Deferred accounts related to regulated activities (effective date set to: 1 January 2016)	The European Commission has decided not to start the approval process of this interim standard and to wait for the final standard.
Amendments to IFRS 10 and IAS 28	Sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (effective date indefinitely deferred by the IASB, but early application permitted)	The approval process has been indefinitely postponed until the completion of the research project on the equivalence method.

The Group anticipates that the adoption of these new standards and amendments to existing standards will not have a material impact on the Company's financial statements in the future.

According to the Company's estimates, the use of hedge accounting for a portfolio of financial assets and liabilities under **IAS 39: "Financial Instruments: Recognition and Measurement"** would not materially affect the financial statements if applied at the balance sheet date.

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

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

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

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

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

- **Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities into Current Liabilities and Non-current Liabilities**, issued by the IASB on 23 January 2020, and **Amendments to IAS 1 "Presentation of Financial Statements" - Non-current Liabilities with Financial Indicators** issued by the IASB on 31 October 2022. The amendments issued in January 2020 provide a more general approach to the classification of liabilities under IAS 1 based on contractual arrangements existing at the reporting date. The amendments issued in October 2022 clarify how the conditions that an entity must comply with within twelve months of the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2023.

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

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

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

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

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

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

4. INTANGIBLE FIXED ASSETS

The Group's intangible assets comprise computer software, licences and various software and are accounted for in account 208 "Other intangible assets" and are amortised using the straight-line method; they are stated at historical cost less amortisation and any value adjustments. No value adjustments have been recorded for the periods presented.
The Group does not own intangible assets generated internally or acquired through a government grant and also does not own intangible assets with indefinite useful lives. The Group does not hold assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5. For intangible assets, useful lives have been estimated at 3 years.

The situation of intangible fixed assets on 30.06.2023 is as follows:

Cost	Other intangible assets	Total
Balance as at 01 January 2023	**1.748.139**	**1.748.139**
Entries	640	640
Assignments	0	0
Balance at 30 June 2023	**1.748.779**	**1.748.779**

Accumulated depreciation	Other intangible assets	Total
Balance as at 01 January 2023	**1.716.299**	**1.716.299**
Cost of the period	14.973	14.973
Assignments	0	0
Balance at 30 June 2023	**1.731.272**	**1.731.272**
Net book value 01 January 2023	**31.840**	**31.840**
Net book value 30 June 2023	**17.507**	**17.507**

5. CORPORAL IMMOBILIZATIONS

On 31.12.2020, the parent company has revalued, with independent experts authorized in the field, the buildings and land existing in the patrimony at that date (ANEVAR authorized appraiser Neacsu Ileana) . Depreciation was restated in proportion to the change in the gross book value of the asset, so that the book value of the asset, after revaluation, was equal to its revalued value.

Tangible fixed assets for the group	**Land and landscaping of land**	**Buildings**	**Installations technical if cars**	**Other plant, machinery and furniture**	**Real estate corporal in course + deposit**	**Total**
COST						
01.01.2023	**110.518.883**	**75.771.151**	**135.944.022**	**1.226.552**	**4.279.805**	**327.740.413**
Increases	0	38.188	1.390.784	16.597	2.428.746	3.874.315
Discounts	0	0	0	0	0	0
30.06.2023	**110.518.883**	**75.809.339**	**137.334.806**	**1.243.149**	**6.708.552**	**331.614.728**
AMORTIZATION						
01.01.2023	**978.266**	**38.191.986**	**85.490.752**	**1.189.324**	**0**	**125.850.328**
Cost of the period	32.814	957.292	3.838.720	7.860	0	4.836.686
Outputs		0 156.796	0	0	0	0
30.06.2023	**1.011.080**	**39.149.278**	**89.329.472**	**1.197.184**	**0**	**130.687.014**
Net Values						
01.01.2023 **1:**	**109.540.617**	**37.579.165**	**50.453.270**	**37.228**	**4.279.805**	**201.890.085**
30.06.2023	**109.507.803**	**36.660.061**	**48.005.334**	**45.965 307.213**	**6.708.552**	**200.927.715**

5.1. Tangible fixed assets brought into service

During the first semester of 2023, PREFAB SA purchased and put into operation assets in the amount of 1.445.569 lei, representing technical installations, means of transport, furniture, office equipment, protection equipment.

5.2. Tangible fixed assets

No assets have been disposed of that would affect the achievement of the Group's principal objective or affect the realisation of future economic benefits.
In the first half of 2023 no fixed assets were disposed of.

5.3 Pledged fixed assets

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

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

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

For the credit facilities contracted with ING Bank N.V, the company has constituted the following guarantees in favour of the bank as follows:

- Mortgage established on the building - lot 7 and annexes (cogeneration plant) located in Calarasi, Bucuresti street, no. 396, jud. Calarasi, consisting of land of 10.651 sqm and the existing buildings on it C2, C4, C6, C7 with cadastral/top number 248449 (from cadastral number 62/7).
- Movable hypothec on the bank accounts opened in the name of PREFAB SA at ING BANK N.V. units, as well as on the present and future amounts held in these accounts.
- Movable mortgage on equipment owned by PREFAB SA, belonging to the cogeneration plant.
- **Mortgage on real estate** :
- **1**. **Building - arable land in the** area of **2.500 sq.m**, registered in the Land Register of ANCPI Călărași UAT Modelu under no. **20193** and having cadastral/top number 20193, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/3, Călărași county.
- **2. Building - arable land** with an area of **2.500 sqm**, registered in the Land Register of ANCPI Călărași UAT Modelu under number **20194** and having cadastral/top number **20194**, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/3 (lot nr 2), jud Călărași**.**
- **3. Building - arable land** with an area of **5.000 sqm**, registered in the Land Register of ANCPI Călărași UAT Modelu under no. **20141** and having cadastral/top number 20141, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/2, jud Călărași.
- **4 - Building - arable land** with an area of **5.750 sqm**, registered in the Land Register of ANCPI Calarasi UAT Modelu under **no. 21757** and having cadastral number/top **522**, property of Prefab SA, located in Modelu, in the land plot 81/2, parcel 2-lot 1, Calarasi county.
- **5 - Building - arable land** with an area of **4.427** sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under no. **21760 (old 521, cf 366**) and having cadastral number/top **21760**, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 4 - lot 1, Calarasi county.

- **6. Building - arable land** with an area of **5.000 sq.m**, registered in the Land Register of ANCPI Calarasi UAT Modelu under number **20112** and having cadastral/top number **20112,** property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/4, Calarasi county,
- **7. Building - arable land** with an area of **5.000 sq.m**, registered in the Land Register of ANCPI Calarasi UAT Modelu under number **20115** and having the cadastral/top number **20115**, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/5, Calarasi county.
- **Pledge on stocks and receivables**

5.4 Assets under construction and advances for fixed assets

As of 30.06.2023, the parent company records in the account of fixed assets in progress the amount of 2,288,676 lei representing investments in progress for capital repairs, modernization of machinery and production equipment.
As of 30.06.2023, the parent company records under the item advances for investments amounts of 4,419,876 lei, mainly representing the advance for the next turbine of the cogeneration plant, according to the contract signed with the supplier KAWASAKI GAS TURBINE EUROPE GMBH, in continuation of the investment projects carried out for the promotion of high efficiency cogeneration

6. INVESTMENTS IN AFFILIATED ENTITIES

Wishing to set up an association to promote activities related to the precast concrete industry, PREFAB SA - the parent company, together with 8 other renowned companies in this field, agreed to set up the "PREFBETON Precast Concrete Manufacturers Association". The purpose of the Association is to promote precast concrete products, to represent, support and defend the technical, economic and legal interests related to the trade and industry of precast concrete products, to develop and encourage cooperation in the scientific, technical and standardization field and to stimulate contracts between specialists in the country. The initial patrimony of the Association was 1.800 lei, the contribution of PREFAB SA - parent company being 200 lei. This association was not included in the consolidation as it was considered of little importance for the Group.
On 30.06.2023 the subsidiary PREFAB INVEST SA has a holding of 100 lei in the initial assets of the Romanian Concrete and Prefabricated Concrete Society, a non-profit, apolitical and non-governmental association, the total assets of the association being 560 lei. The aim of the association is to promote scientific and technical progress in the field of concrete elements and structures. This association has not been included in the consolidation as it is considered of minor importance for the Group.

7. RECEIVABLES AND OTHER ASSETS

At Group level, receivables are recorded at nominal value and are shown in the cost accounting for each individual or legal entity. Foreign currency receivables have been valued on the basis of the exchange rate prevailing at the end of the reporting period, and exchange differences have been recognised as income or expense for the period.

a) Trade receivables are shown below:

Creator	**Balance at 31 December 2022**	**Balance at 30 June 2023**
Commercial creditor	38.136.043	39.503.127
Adjustments for impairment of trade receivables	(131.387)	(131.387)
Trade receivables, net	**38.004.656**	**39.371.740**

Trade receivables relate mainly to domestic customers outstanding as at 30.06.2023. Among the main customers we mention Arcocim SRL Calarasi, Arabesque SRL, REWE, Dedeman , Lazar Grup, Midaschin, Zafini , Crismih.

Uncertain clients or clients in litigation had a gross value of 156,919 lei on 30.06.2023, maintaining the balance of the records from the beginning of the year, which did not change.
For these uncertain customers, the legal actions started in previous years continued.
For a part of them, for which the management has estimated that there is a risk of non-recovery, adjustments for impairment of receivables amounting to 131,387 lei have been made. Legal action has also been taken for the recovery of debts.

Customers - invoices to be drawn up had on 30.06.2023 the value of 58.518 lei, representing the cogeneration bonus for the month of June 2023, for the quantity of electricity delivered to the SEN.

Liquidity term analysis Commercial creditor	**Sold to 31 December 2022**	**Sold to 30 June 2023**
Under one year	**38.004.656**	**39.371.740**
Over a year	**0**	**0**

Other assets	**Sold to 31 December 2022**	**Sold to 30 June 2023**
b) Other assets, of which:		
Debtors	70.925	69.184
Advance expenses	381.290	826.759
VAT to be recovered	1.218	357.074
Non-exempt VAT	78.306	124.789
Suppliers debtors	37.851	67.626
Other claims	170.594	155.430
Total	**740.184**	**1.600.862**

Liquidity term analysis Other assets	**Sold to 31 December 2022**	**Sold to 30 June 2023**
Under one year	**740.184**	**1.600.862**
In one year	**0**	**0**

Advance expenses
Prepaid expenses in the amount of 826,759 lei represent mainly insurance premiums for civil liability insurance, maintenance expenses and expenses for local taxes and duties, which are charged monthly to costs.

c) Impairment adjustments for trade and other receivables

The evolution of impairment adjustments is as follows:

	31 December 2022	**30 June 2023**

At the beginning of the period	**131.387**	**131.387**
Cresteri/ (releaves)	0	0
Diminuari	0	0
At the end of the period	**131.387**	**131.387**

8. STOCKS

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

30 June 2023	Cost	Adjustments	Net value
1. Raw materials and consumables	8.378.611	0	8.378.611
2. Production in progress	877.109	0	877.109
3. Finished products and goods	16.565.732	29.929	16.535.803
4. Advances for stock purchases	952.575	0	952.575
Total	**26.774.027**	**29.929**	**26.744.098**

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

As at 31.12.2012, the Group recorded adjustments for inventory depreciation in the amount of 18,672 lei, based on the minutes of the committee that analysed the movement of finished goods inventory. Of these, adjustments amounting to 3,560 lei are maintained. Also, on 30.06.2021, on the basis of Minutes No 5506, the parent company recorded adjustments for stock depreciation in the amount of 26,369 lei, in addition to those already existing.

9. CASH AND CASH EQUIVALENTS

On 30.06.2023 cash and cash equivalents amount to 815,174 lei, lower than the amounts recorded on 31.12.2022 (i.e. 1,673,202 lei) and consist of:

	Sold to 31 December 2022	Sold to 30 June 2023
Cash in the cashier	8.660	605
Deposits and cash at bank	1.658.942	814.329
Other values	5.600	240
Total	**1.673.202**	**815.174**

Of the total cash and cash equivalents accounts, the restricted amounts as at 31.12.2022 and 30.06.2023 consist of:

	Sold to 31 December 2022	Sold to 30 June 2023
Guarantees for good execution	0	0
Management guarantees	3.551	3.551
Other guarantees	1.222.591	397.590
Total	**1.226.142**	**401.141**

10. EQUITY

The shares issued by PREFAB SA - parent company are indivisible, dematerialized and since July 5, 2010 are traded on the regulated market administered by B.V.B. and in the STANDARD category since January 5, 2015, with the symbol PREH. The specific activities of the independent register for PREFAB SA - the parent company - were carried out by the *Central Depository*.
The share capital of PREFAB SA - the parent company did not change during the first half of 2023.
The subscribed and paid-up **share capital** is 24,266,709.5 lei, consisting of 48,533,419 shares with a nominal value of 0.50 lei/share. The structure of the shareholders on 23.06.2023, according to the data received from the Central Depository, was as follows:

Shareholder	No. of shares	%
ROMERICA INTERNATIONAL SRL BUCURESTI	33.805.991	69.6551
CELCO CONSTANTA	12.795.000	26.3633
OTHER SHAREHOLDERS - Legal entities	137.574	0.2835
OTHER SHAREHOLDERS - Individuals	1.794.854	3.6981
TOTAL	**48.533.419**	**100.0000**

During the first half of 2023, the nominal value of a share did not change.

The prices of the company's shares have had an oscillating trend over time, manifested also in terms of the number of shares traded, a trend mainly due to a lack of liquidity and a general reduction in trading on the BVB.

The last trading price of PREFAB SA shares, valid on 27.07.2023 was 3.36 lei/share.

- PREFAB INVEST SA has a share capital of 150,000 lei structured in 4,000 shares with a nominal value of 37.5 lei/share. On 30.06.2023 the situation of the subscribed and paid-up share capital is as follows:

Item no.	**Shareholder**	**No. Shares held**	**Nominal value**	**Share capital**	**% of share capital**
1	PREFAB SA Bucharest	3.996	37.5	149.850	99.9000
2	Other shareholders	4	37.5	150	0.0100
	Total	4.000		150.000	100.0000

In accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", the Group has adjusted the historical cost of equity capital for the effect of inflation up to 31 December 2003.

11. RESERVE

Reserves include the following components:

	Sold to 31 December 2022	**Sold to 30 June 2023**
Legal reserves	6.054.252	6.054.252
Other reserves	43.753.974	46.195.720
Revaluation reserves	117.173.624	117.173.624
Total	**166.981.850**	**169.423.596**

As at 30.06.2023, the Group records "**Legal reserves**" in account 1061 in the amount of 6,054,252 lei, of which 1,483,092 lei represent reserves established in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", the Group correcting the historical cost of legal reserves with the effect of inflation, up to 31 December 2003.

As at 30.06.2023, the Group records "**Other reserves**" in account 1068 in the amount of 46,195,720 lei, of which 2,676,474 lei represent reserves established in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", the Group adjusting the historical cost of other reserves for the effect of inflation at the date of transition to IFRS.

The revaluation reserves amount to 117,173,624 lei as of 30.06.2023. The last revaluation was carried out on 31 December 2020 for the land and buildings on record according to the regulations in force based on the technical valuation report drawn up by an ANEVAR member appraiser, in order to determine their fair value, taking into account inflation the usefulness of the assets, their condition and market value. The decrease in book value resulting from these revaluations was debited to the revaluation reserve.

The following describes the nature and purpose of each reserve within equity:

Book	Description and purpose
Legal reserves	According to Law 31/1990, each year at least 5% of the profit is taken to form the reserve fund, until it reaches at least one fifth of the share capital.
Other reserves	Other reserves include as at 30.06.2023 reserves created on the distribution of net profit and the IAS 29 inflation adjustment of some reserves.
Fixed assets revaluation reserves	If the carrying amount of an item of property, plant and equipment is increased as a result of revaluation, then the increase shall be recognised in other comprehensive income and accumulated in equity as revaluation surplus. Revaluation reserves cannot be distributed and cannot be used to increase share capital.

The first two items also include the above-mentioned amounts resulting from the application of IAS 29 "Financial Reporting in Hyperinflationary Economies", the Group adjusting the historical cost of other reserves for the effect of inflation, up to 31 December 2003, at the date of transition to IFRS (01.01.2011).

12. RETAINED EARNINGS

The reported result includes the following components:

	31 December 2022	30 June 2023
Retained earnings, except for retained earnings arising from the first-time adoption of IAS 29 (ct 117)	9.579.053	9.588.755
Total	**9.579.053**	**9.588.755**

13. PROFIT SHARING

As of 31.12.2022, Prefab SA-parent company recorded a net profit in the amount of 7,756,629 lei which was distributed based on the AGM resolution, according to legal regulations.
From the realized profit, legal reserves in the amount of 449,833 lei were recorded, according to the provisions of Law no. 31/1990 republished, on companies, and the difference of 7,306,796 lei was distributed according to the approval of the AGM of 26/27.04.2023, as follows:

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

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

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

The net profit of the year 2022, amounting to 9,712 lei realized by the subsidiary PREFAB INVEST SA, was recorded in the retained earnings account.
As of 30.06.2023, the Group recorded a net profit of 125,086 lei.
According to the legal provisions, the group's profit is not distributed, it is only an economic indicator to inform the shareholders.
The profit/loss realised individually by each company within the group is subject to distribution at the general meetings of each entity.

14. OUTCOME PER SHARE. DILUTED RESULT (for the Parent Company).

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

Earnings per share and diluted earnings per share have been presented in the Parent Company's individual financial statements.

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

	30.06.2022	**30.06.2023**
Basic earnings per share	**0.0082**	**0.0020**
Diluted result	**0.0082**	**0.0020**

Basic and diluted earnings per share for the Parent Company have the same value due to the fact that there are no financial instruments with a dilutive effect on earnings.

15. PROVIZIOANE

The Group did not set up provisions for risks and charges at the end of the first half of 2023, considering that future uncertainties do not justify the creation of provisions or the deliberate valuation of future obligations.

16. LOANS AND OTHER DEBTS

Debts are recorded at nominal value and are shown in the cost accounting for each natural or legal person. Foreign currency payables have been valued on the basis of the exchange rate prevailing at the end of the first half of the financial year, and exchange differences have been recognised as income or expense for the period.

The debt situation is as follows:

Debts	**Sold to 31 December 2022**	**Sold to 30 June 2023**
Amounts due to credit institutions	27.134.747	24.036.469
Advances received on orders	5.118.512	8.662.350
Trade debts	4.310.007	7.002.146
Other debts including tax and social security debts	2.360.949	8.811.508
Corporation tax postponed	459.610	459.610
Total debts	**39.383.825**	**48.972.083**

In the total existing debts as of 30.06.2023, the parent company has a share of 93.20%.

Analysis of the due date	**Sold to 31 December 2022**	**Sold to 30 June 2023**
Under one year	34.596.027	43.516.462
In one year	4.787.798	5.455.621
Total	**39.383.825**	**48.972.083**

Amounts due to credit institutions	**Sold to 01 January 2023**	**Sold to 30 June 2023**
Short-term loans	22.806.559	19.040.458
Long-term loans	4.328.188	4.996.011
Total	**27.134.747**	**24.036.469**

17. SHORT-TERM LOANS

The Group benefited during the first half of 2023 from short-term loans from commercial banks as follows:

Banking	Type of loan	Date contract	Expired	Currency	Main	Balance at 30.06.2023
ING Bank N.V.	Credit line	Credit line facility agreement no.9184/01	Indefinite	lei	19.000.000	17,085,765 lei
Intesa Sanpaolo Bank	Credit line	Credit line agreement no. 8929/10.10.2013	17.10.2023	lei	7.850.000	1,954,693 lei
Total						**19,040,458 lei**

These are debts incurred by the parent company.

18. LONG-TERM LOANS

The Group benefited during the first half of 2023 from long-term loans from commercial banks as follows:

Description	Type of loan	Date contract	Expired	Currency	Main	Balance at 30.06.2023
ING Bank N.V.	Investment credit	Credit facility agreement 9181/02	20.01.2026	lei	5.000.000	4,996,011 lei
ING Bank N.V.	Credit financing and refinancing current activity	Credit facility agreement 9181/08.11.2019	29.11.2023	lei	5.000.000	0 lei
Total						**4,996,011 lei**

During the first half of 2023, Group benefited from a credit line for the support of current activities opened with Intesa Sanpaolo Bank (formerly Veneto Banca), in the amount of 7,850,000 lei (the initial amount of 9,000,000 lei was reduced to 7,850,000 lei by an additional deed to the credit line agreement no. 8929/10.10.2013 with maturity on 19.10.2022, with the possibility of extension. The balance as at 30.06.2023 is 1.954.693 lei.

Are debts incurred by the parent company

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

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

During the first half of 2023, the Group benefited from the following loans opened with ING Bank N.V.:

- A credit for the support of current activities in the amount of 5.000.000 lei under the credit facility agreement no. 9181 dated 08.11.2019. The repayment term of the credit facility was 29.11.2023, repayment being made in 46 instalments. The first installment was in the amount of 103,433.42 lei, the next 45 installments in the amount of 108,812.59 lei. The balance on 30.06.2023 is 0 lei, the loan being repaid in full.

- Also, we mention that on 17 January 2022, a credit line of 19.000.000 lei was opened at ING Bank, the balance on 30.06.2023 being 17.085.765 lei.
- a 5-year investment loan, the balance of which on 30.06.2023 is 4.996.011 lei

For the credit facilities contracted with ING Bank N.V, the Group has constituted the following guarantees in favour of the bank as follows:

- Mortgage established on the building - lot 7 and annexes (cogeneration plant) located in Calarasi, Bucuresti street, no. 396, jud. Calarasi, consisting of land of 10.651 sqm and the existing buildings on it C2, C4, C6, C7 with cadastral/top number 248449 (from cadastral number 62/7).
- Movable hypothec on the bank accounts opened in the name of PREFAB SA at ING BANK N.V. units, as well as on the present and future amounts held in these accounts.
- Movable mortgage on equipment owned by PREFAB SA, belonging to the cogeneration plant.
- **Mortgage on real estate** :
- **1**. **Building - arable land in the** area of **2.500 sqm**, registered in the Land Register of ANCPI Călărași UAT Modelu under number **20193** and having cadastral number/top 20193, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/3, Călărași county.
- **2. Building - arable land** with an area of **2.500 sqm**, registered in the Land Register of ANCPI Călărași UAT Modelu under number **20194** and having cadastral/top number **20194**, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/3 (lot nr 2), jud Călărași.
-
- **3. Building - arable land** with an area of **5.000 sqm**, registered in the Land Register of ANCPI Călărași UAT Modelu under no. **20141** and having cadastral/top number 20141, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/2, jud Călărași.
-
- **4 - Building - arable land** with an area of **5.750 sqm**, registered in the Land Register of ANCPI Calarasi UAT Modelu under **no. 21757** and having cadastral number/top **522**, property of Prefab SA, located in Modelu, in the land plot 81/2, parcel 2-lot 1, Calarasi county.
-
- **5 - Building - arable land** with an area of **4.427** sq.m, registered in the Land Register of ANCPI Calarasi UAT Modelu under no. **21760 (old 521, cf 366**) and having cadastral number/top **21760**, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 4 - lot 1, Calarasi county.
- **6. Building - arable land** with an area of **5.000 sq.m**, registered in the Land Register of ANCPI Calarasi UAT Modelu under number **20112** and having the cadastral/top number **20112,** property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/4, Calarasi county,
- **7. Building - arable land** with an area of **5.000 sq.m**, registered in the Land Register of ANCPI Calarasi UAT Modelu under number **20115** and having the cadastral/top number **20115**, property of Prefab SA, located in com Modelu, in the land plot 81/2, parcel 3/5, Calarasi county.
- **Pledge on stocks and receivables**

19. OTHER DEBTS

Their composition is mainly the following:

Other debts	Sold to 31 December 2022	Sold to 30 June 2023
Debts in relation to staff and related liabilities	1.064.016	1.793.373
Debts to the social security budget	385.916	649.613
Debts to the state budget	617.457	1.221.507
Debts to shareholders	293.598	5.146.940
Other debts	(38)	75
Total debts	**2.360.949**	**8.811.508**

20. DEFERRED TAX

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

Description	31 December 2022	30 June 2023
Initial sale	465.321	459.610
Tax deferred different from revaluation	(5.711)	0
Sold	**459.610**	**459.610**

21. INVESTMENT GRANTS

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

Description	31 December 2022	30 June 2023
Initial sale	4.013.507	3.508.712
Received during the year	0	0
Stornates during the year	0	0
Relayed to income	(504.795)	(252.397)
Sold	**3.508.712**	**3.256.315**

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

- The project 'Plan for rational use of energy - Energy efficiency project at PREFAB SA', worth 1.200.000 euro, which was carried out in partnership with EBRD, from which it obtained 15% financing for the investments made, namely 812.124 lei (equivalent to 180.000 euro).
- Project: 'Realization of a cogeneration plant in order to improve the energy efficiency of PREFAB SA's activity', partially financed by European Funds within the Priority Axis 4 of the Sectoral Operational Programme: Increasing Economic Competitiveness, the parent company signing in this

regard the financing contract no. 18 EE/28.05.2012 with the Ministry of Economy, Trade and Business Environment. The non-reimbursable amount approved by the contract was 10.199.768,65 lei, of which 6.140.662,41 lei was received in 2013 and 1.503.822,08 lei in 2014.

22. OPERATING INCOME

Income	**30 June 2022**	**30 June 2023**	**Gap (2023-2022)**
Production sold	43.978.299	60.858.243	16.879.944
Income related to costs of stocks of products	(2.559.693)	3.017.435	5.577.128
Other operating income	325.874	1.952.965	1.627.091
Total	**41.744.480**	**65.828.643**	**24.084.163**

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

Name of products	**30.06.2022 %**	**2022 %**	**30.06.2023 %**
AAC	74.89%	65.57%	72.43%
Tubes	2.38%	2.50%	2.40%
Prefabricated	9.82%	11.09%	10.71%
Electricity	8.64%	17.16%	9.28%
Other products	4.27%	3.68%	5.18%

Autoclaved aerated concrete (AAC), the masonry material produced by PREFAB SA, in the first half of 2023, amounted to a production of 168,397.69 m3.
In H1 2023, PREFAB SA sold approximately 156,103.94 cubic meters of AAC, compared to approximately 120,671.50 cubic meters in the same period of 2022.
As for the market of precast reinforced and prestressed concrete products, electric poles, highway elements, prefabricated parts for hypermarkets or supermarkets, beams for road bridges, PREMO-SENTAB sewerage pipes, it is still affected by the lack of large projects for the national infrastructure and the lack of skilled labour, maintaining the same low level of demand in the market mainly due to financial bottlenecks in the national investment field.
In the first half of 2023 the total volume of precast elements produced was 2,380.88 cubic meters, to which is added 336 cubic meters of concrete.
Regarding the cogeneration plant activity, in the first half of 2023, its operation depended primarily on the prices for natural gas and electricity and in correlation with the production activity in order to optimize costs. Electricity produced was 8,507.70 mwh, of which 6,816.32 mwh was delivered to the NES, the difference of 1,691.38 mwh was consumed internally in the plant , and thermal energy 12,838.81 mwh, entirely consumed internally in the production process.

The subsidiary PREFAB INVEST SA and PREFAB SA - parent company mainly market the products in their geographical area.

23. OPERATING EXPENDITURE

Expenditure	**30 June 2022**	**30 June 2023**	**Difference (2023 -2022)**
Expenditure on raw materials and materials	15.118.452	24.916.580	9.798.128
Energy and water expenditure	7.696.639	14.034.564	6.337.925
Other production expenditure	1.300.848	2.021.784	720.936
Total material cost	**24.115.939**	**40.972.928**	**16.856.989**
Salaries and allowances	7.598.074	13.012.361	5.414.287
Expenditure on insurance and social protection	261.951	318.204	56.253
Total staff expenditure	**7.860.025**	**13.330.565**	**5.470.540**
Depreciation	4.738.228	4.852.176	113.948
Impairment adjustments	0	0	0
Total depreciation and amortisation	**4.738.228**	**4.852.176**	**113.948**
Expenditure on external benefits	3.162.868	4.523.768	1.360.900
Expenditure on other taxes, duties and similar charges	566.165	699.856	133.691
Other expenses	74.738	73.635	(1.103)
Total other operating expenditure	**3.803.771**	**5.297.259**	**1.493.488**
Total	**40.517.963**	**64.452.928**	**23.934.965**

Prices of raw materials and supplies, energy, natural gas and fuel recorded unprecedented increases from the previous year, influenced by the global energy crisis and the war in Ukraine.

In general, the sources of supply are secure, aiming to maintain a minimum number of 2 suppliers/set.

24. FINANCIAL INCOME

Income	**30 June 2022**	**30 June 2023**	**Difference (2023-2022)**
Interest income	449	94	(355)

Other financial income	3.412	100.854	97.442
Total	**3.861**	**100.948**	**97.087**

25. FINANCIAL EXPENDITURE

Expenditure	30 June 2022	30 June 2023	Difference (2022-2021)
Interest-related expenditure	611.652	1.020.101	408.449
Other financial charges	34.340	135.913	101.573
Total	**645.992**	**1.156.014**	**510.022**

26. CORPORATE INCOME TAX

Information on corporate income tax (according to accounting and tax records):

In the first half of 2023, the Group obtained a gross profit of 320,649 lei, the related income tax being 195,563 lei, all of which was transferred to the consolidated general budget by each party included in the consolidation.

	30 June 2022	30 June 2023
Gross profit	584.386	320.649
Gross accounting profit *)	586.914	320.649
Accounting loss **)	-2.528	0
Corporate tax	157.211	195.563
Net profit	427.175	125.086

*) Gross accounting profit achieved by PREFAB SA parent company and PREFAB INVEST SA affiliate;

**) Accounting loss realized by PREFAB BG EOOD SRL part-affiliated (as of 30.06.2022).

The reconciliation of current profit before tax to income tax expense in the income statement is as follows:

Indicator	30.06.2022	30.06.2023
Net accounting profit for profit-making entities	429.703	125.086
Income-like items	52.721	50.664
Similar items of expenditure	19.908	0
Total deductions	4.719.210	4.838.171
Other taxable income	8.127	0
Non-deductible expenses	5.330.865	6.069.439
Taxable profit	**1.066.044**	**1.407.018**
Tax profit	170.567	225.123

Corporate tax reduction	13.356	29.560
Profit tax	**157.211**	**195.563**

27. AVERAGE NUMBER OF EMPLOYEES

a) Employees

The average number of employees evolved as follows:

	30.06.2022	**30.06.2023**
Management staff	5	7
Administrative staff	77	116
Production staff	177	238
TOTAL	**259**	**361**

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

	30 June 2022	**30 June 2023**
Staff with higher education	12%	10%
Staff with secondary education	28%	29%
Professional and qualified staff	52%	45%
Unqualified staff	8%	16%

c) Expenditure on salaries and related fees recorded during the first half of 2022 and the first half of 2023 is as follows:

	30 June 2022	**30 June 2023**
Expenditure on salaries	7.598.074	13.012.361
Expenditure on insurance and social protection	261.951	318.204
Total	**7.860.025**	**13.330.565**

PREFAB SA - parent company contributes to the national pension program according to the legislation in force and has a voluntary pension program since April 2008 for employees who have at least one year seniority in the company and age between 18 and 52 years. The contribution is paid by the employer, up to the limit of 200 euro/year, according to the Tax Code. The contracts concluded by the employees are for the NN Optim Voluntary Pension Fund administered by NN Asigurari de viata SA.
The Group has no other post-employment obligations related to these insurances.
Expenditure on salaries and related taxes increased by 5,470,540 %, from 7,860,025 lei in the first semester of 2022 to 13,330,565 lei in the first semester of 2023, at the same time as the average number of employees.(which increased from 259 (30.06.2022) to 361 (30.06.2023)), but also in the context of the increase

of the minimum gross wage in the construction sector from 3,000 lei/month to 4,000 lei/month as from 01.01.2023.

28. TRANSACTIONS WITH RELATED PARTIES

At the reporting date the Group has no transactions with related parties. Balances and transactions with subsidiaries included in the consolidation have been eliminated for the purpose of preparing these consolidated financial statements.

The Group has no contractual obligations to former directors and officers and has not granted loans or advances to current directors and officers.

The Group has no future obligations of a guarantee nature on behalf of the directors.

Transfer price:
Under the relevant tax legislation, the valuation of a related party transaction is based on the concept of the market price of that transaction. In this context, transfer prices must be adjusted to reflect market prices that would have been established between entities between which there is no affiliation and which act independently, based on normal market conditions.

29. INFORMATION BY BUSINESS SEGMENT

Segment information is reported according to the Group's activities. Transactions between business segments are carried out under normal market conditions.

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

PREFAB SA parent company, is the main manufacturer in Romania of :

a. AAC (Autoclaved Cellular Concrete) with a capacity of 500.000 m3 per year
b. Prefabricated typified with a capacity of 20,000 m3 per year
c. Concrete pipes for water and sewage networks (Premo and Sentab technology)
d. Prefabricated unprinted

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

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

PREFAB SA - parent company has identified one business segment for which it presents the information separately, namely the AAC Branch - which obtained revenues of over 72.43% of production sold, for the AAC product.

Autoclaved aerated concrete (AAC), the masonry material produced by PREFAB SA in the first half of 2023 amounted to a production of 168,397.69 m3.

In the first half of 2023, PREFAB SA - the parent company - sold approximately 156,103.94 cubic meters of AAC.

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

Income	**30 June 2022**	**30 June 2023**
Production sold	**32.441.862**	**42.193.224**
Other operating income	(2.145.301)	2.396.570
Total income	**30.296.561**	**44.589.794**

Expenditure	**30 June 2022**	**30 June 2023**
Expenditure on raw materials and materials	12.130.760	18.074.005
Expenditure on energy, gas and water	6.040.035	10.361.542
Other production expenditure	0	0
Total material cost	**18.170.795**	**28.435.547**
Salaries and allowances	1.674.684	3.738.216
Expenditure on insurance and social protection	37.638	93.359
Total staff expenditure	**1.712.322**	**3.831.575**
Depreciation	1.676.922	1.493.136
Total depreciation and amortisation	**1.676.922**	**1.493.136**
Indirect expenditure	1.123.366	1.325.118
Total other operating expenditure	**1.123.366**	**1.325.118**
Administrative expenditure	**3.162.328**	**7.444.046**
Distribution expenses	**2.839.871**	1.865.532
Total expenditure	**29.685.604**	**44.394.954**
Result of the activity	**1.610.957**	**194.840**

PREFAB SA is one of the leading national manufacturers of building materials, with a varied portfolio of marketed products.
The main markets are Romania, Bulgaria and the Republic of Moldova;
In Romania the structure of the market is:
a. for AAC: Muntenia, Transylvania, Moldova;
b. for Prefabricated: all Romania;
c. for Aggregates, Concrete, PVC Carpentry: local market;
The sales policy is treated differently depending on the specificity of each product.
a. AAC is sold through distributors or DIY (Do It Yourself) chains;
b. Prefabricated products shall be marketed by tender or direct negotiation for each project.

AAC sales by geographical area:

Geographical area	**30.06.2022**	**Sales in 2022**	**Sales on 30.06.2023**
1. Muntenia	92.75%	96.00%	89.19%
2. Transylvania	2.08%	0.19%	3.23%

3. Moldova	5.04%	3.80%	7.58%
4. Bulgaria	0.00%	0.00%	0.00%
5.Republic of Moldova	0.13%	0.01%	0.00%
	100.00%	100.00%	100.00%

The structure of sales by geographical area is the same at group level as at parent company level.

ELECTRICITY GENERATION ACTIVITY

PREFAB SA carried out a major investment project in 2011 -2013, namely: the project 'Realization of a cogeneration plant in order to improve the energy efficiency of Prefab S.A. activity', in the amount of 22.400.846,58 lei (5.247.575 euro). The project was submitted on 20 July 2011, to the Intermediate Body for Energy, for financing from European Funds under Priority Axis 4 of the Sectoral Operational Programme: Increasing Economic Competitiveness and was declared eligible for funding, and a financing contract no. 18 EE/28.05.2012 was signed with the Ministry of Economy, Trade and Business Environment for the maximum non-reimbursable amount of 10.199.768,65 lei. The **main objective of the project** was to increase the efficiency of energy use in the industrial activities of PREFAB SA by installing a high efficiency cogeneration plant.

The project was completed with the commissioning on 15.04.2013 of the new combined heat and power generation capacity and was completed on 15.04.2018.

On 24.04.2013 PREFAB SA obtained on the basis of ANRE Decision no. 1038/24.04.2013, "License no. 1222 for the production of electricity for commercial operation of the 5.4 MW gas turbine cogeneration plant. ".

As regards the cogeneration plant activity, in the first half of 2023, its operation depended primarily on natural gas and electricity prices and in correlation with the production activity in order to optimize costs. Electricity produced was 8,507.70 mwh , of which 6,816.32 mwh was delivered to the NES , the difference of 1,691.38 mwh was consumed internally in the plant , and thermal energy 12,838.81 mwh , entirely consumed internally in the production process.

30. COMMITMENTS AND QUOTAS

Court actions

The Group is subject to a number of legal actions arising in the normal course of business in which it is a creditor. The Group's management believes that, apart from the amounts already recorded in these financial statements as provisions or asset impairment adjustments and described in the notes to these financial statements, other legal actions will not have a material adverse effect on the Group's economic results and financial position.

Insurance

In the first half of 2023, the Group has insurance contracts with several insurance companies and mainly relate to:

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

Transfer price:

Under the relevant tax legislation, the valuation of a related party transaction is based on the concept of the market price of that transaction. In this context, transfer prices must be adjusted to reflect market prices that would have been established between entities between which there is no affiliation and which act independently, based on normal market conditions.

The management of the parent company considers that the transactions carried out with related parties comply with the market price principle for each transaction.

31. RISK MANAGEMENT

The group is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Operational risk
- Balancing cost risk
- Taxation risk
- *Data* protection and processing risk
- The risk of war

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

General framework for risk management

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

Credit risk

Credit risk is the risk that the Group will incur a financial loss as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations, and this risk arises mainly from trade receivables.
The Group's exposure to credit risk is mainly influenced by the individual characteristics of each client and the country in which it operates. The majority of the Group's clients operate in Romania.

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

- Trade and other receivables
- Cash and cash equivalents

- Investments in unquoted affiliated entities
- Trade and other payables

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

ASSETS	31 December 2022	30 June 2023
Trade and similar receivables	38.363.550	40.145.843
Cash and cash equivalents	1.673.202	815.174
Total	**40.036.752**	**40.961.017**

DEBTS	31 December 2022	30 June 2023
Trade and similar debts	9.428.519	15.664.496
Other liabilities including current income tax liability	2.360.949	8.811.508
Total	**11.789.468**	**24.476.004**

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with debts that are settled in cash or by transferring another financial asset. The Group's approach to liquidity risk is to ensure, as far as practicable, that it holds sufficient cash at all times to meet liabilities when they fall due, both under normal and stressed conditions, without incurring unacceptable losses or jeopardising the Group's reputation.
The Group has committed long-term loans.
To counter this risk factor, the Group has implemented restrictive policies for the delivery of products to uncertain customers. An important role has been played by the Group's policy of requiring, in certain cases, advance payment for delivered products and a careful selection of new customers based on their creditworthiness and financial discipline. Guarantees were requested in the case of delivery contracts and attempts were made to reduce the number of days set by contract for payment of receivables by the Group's customers. Mortgage guarantee contracts have been extended in favour of banks with which we have open credit lines and bank letters of guarantee so that we can honour our obligations in the event of cash shortages.

Market risk

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

The Group has transactions and loans in a currency other than its functional currency (lei).
Transactions made in foreign currency are converted into lei at the exchange rate valid on the transaction date.

The risk of exchange rate fluctuations has generally been prevented by adequate management in the economic crisis.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the Group's processes, people, technology and infrastructure, as well as from external factors other than credit, market and liquidity risk, such as those arising from legal and regulatory requirements and generally accepted standards of organisational behaviour. The Group is also exposed to catastrophe risk. In these circumstances, the Group has acted to take out disaster insurance policies to protect the Group's assets.
Operational risks arise from all Group operations. Primary responsibility for developing and implementing operational risk controls rests with the entity's management. Responsibility is supported by the development of the Group's overall operational risk management standards in the following areas:
- Separation of responsibilities requirements;
- Alignment with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for periodic analysis of the operational risk to which the Group is exposed and the adequacy of controls and procedures to prevent identified risks;
- Requirements for reporting operational losses and proposals for remedying the causes of these losses;
- Developing business continuity plans;
- Professional development and training;
- Setting ethical standards;
- Litigation risk prevention, including insurance where applicable;
- Risk mitigation, including efficient use of insurance where appropriate.

Balancing cost risk

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

Taxation risk

Since 1 January 2007, following Romania's accession to the European Union, the Group has had to comply with the European Union regulations and has therefore prepared itself for the application of the changes brought about by European legislation.
The Group has implemented these changes, but the implementation remains open to tax audit for 5 years and even 7 years from 2009.
The interpretation of the texts and the practical implementation of the procedures of the applicable new tax regulations harmonised with European legislation may vary from entity to entity, and there is a risk that in certain situations the tax authorities may adopt a different position from that of the Group.
The Group may be subject to tax audits as new tax regulations are issued.

Data **protection and processing risk**

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

The risk of war
If the situation of the armed conflict in Ukraine escalates, there is a risk of a partial or total stop of activity, galloping inflation, reduction of trade and investments, increase of taxes and bank interest rates, material destruction and loss of human lives, amplification of the energy and economic crisis.

32. EVENTS AFTER THE REPORTING DATE

Global geopolitical tensions have escalated significantly following the Russian Federation's military interventions in Ukraine that began the previous year. As a result of these escalations, economic uncertainties in the energy and capital markets have increased, with global energy prices expected to be highly volatile for the foreseeable future. At the date of this report, management cannot reliably estimate the effects on the Company's financial prospects and cannot exclude negative consequences for its business, operations and financial condition. The Group's management believes that it is taking all necessary steps to support the sustainability and growth of the company's business in the current circumstances and that the business judgements in these financial statements remain appropriate. The risks are as set out above.

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

Notes 1 to 32 to the financial statements form an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 19.07.2023 and were signed by:

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

Economic Director,
Ec. Daniela Boitan

Statement of the Board of Directors
to PREFAB SA

The Board of Directors of PREFAB SA hereby declares that it assumes responsibility for the preparation of the Interim Consolidated Financial Statements as at 30 June 2023.
The Board of Directors of PREFAB SA confirms the following with regard to the Consolidated Half-Yearly Financial Statements as at 30 June 2023:

a) The Consolidated Half-Yearly Financial Statements are prepared in accordance with OMFP no. 2844/2016 of 12 December 2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards.
b) The accounting policies used in the preparation of the Interim Consolidated Financial Statements comply with applicable accounting regulations;
c) The Consolidated Half-Yearly Financial Statements give a true and fair view of the financial position, financial performance and other information relating to the business;
d) The Group carries out its activity in conditions of continuity.

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

Signatures:

Chairman of the Board of Directors

Milut Petre Marian

AUDIT EXPERT S.R.L.
Ploieşti, str. Mircea cel Bătrân, nr. 14 A, R.C. J29/ 68/ 1998, C.I.F. RO 10117602,
Tel/fax: 0244 596 421 , e-mail: auditexpert2004@yahoo.com
registered to the Authority for Public Oversight of the Statutory Audit Activity
ASPAAS- FA 50

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION PRESENTED ON 30.06.2023

To,

PREFAB S.A. BUCHAREST

S.C. AUDIT EXPERT S.R.L.
PLOIESTI
NR. 322/01.08.2023
IEŞIRE

Mr. Marian Petre Milut
Chairman of the Board

Introduction

1.We have reviewed the accompanying consolidated interim financial information of PREFAB S.A. Bucharest (the "parent company") and its subsidiaries („the Group"), presented on June 30, 2023 with related statements consisting of the consolidated statement of financial position, consolidated interim statement of income or other comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity for the six months ended on that date, and a summary of significant accounting policies and other explanatory notes ("consolidated interim financial statements for the first half of 2023").

The Group's management is responsible for the preparation and fair presentation of these statements and consolidated interim financial information in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent amendments and additions and with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting"as approved by the European Union.

Our responsibility is to express a conclusion on this consolidated interim financial statements and financial information based on our review.

Scope of Review

2. We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in the an audit. Accordingly, we do not express an audit opinion.

Conclusion

3.Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information with related statements of June 30, 2023 of PREFAB S.A. Bucharest, does not present a correct and accurate picture of the consolidated financial position as of June 30, 2023, as well as of the result of its operations and consolidated cash flows for the period of 6 months ended on the same date, in accordance with the provisions of the Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting Standards in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent amendments and additions, to IAS 34 "Interim Financial Reporting" as it is Approved by the European Union.

Ploiesti, August 01, 2023

On behalf of

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

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

General Director

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

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

Name of signatory

Gheorghiu Genica registered to
the Authority for Public Oversight of
the Statutory Audit Activity under the number AF 2810

Autoritatea pentru Supravegherea Publică a Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: GENICA GHEORGHIU
Registrul Public Electronic: AF 2810