

Quarterly report for the first quarter

Quarterly report according to A.S.F. Regulation no. 5 / 2018 - Annex 13

Report date: 15.05.2024

Company name - Prefab S.A.

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

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

Phone/fax: 021-3315116/ 021-3305980

Unique registration code at the Trade Register Office: RO1916198

Commercial register number: J40/9212/2003

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

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

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

Accounting standard applied: International Financial Reporting Standards

A. Economic and financial indicators

Indicator name	Calculation method	Result
1.Current liquidity indicator	Current assets(current)/current liabilities	$53.184.649/36.441.012=1.46$
2.Debt ratio indicator	Borrowed capital (t0+t1)/Equity (t0=t1)	$[(40.927.365+42.343.418)/2]/[(213.389.922+213.476.158)/2]=0.20$
3.Rotational speed of customer flows	Average customer balance/turnover x 90	$[(28.276.127+29.363.479)/2] / 19.619.654 \times 90=132$
4.Turnover speed of fixed assets	Turnover/fixed assets	$19.619.654/204.679.648=0.10$

B. Other information

1. Economic and financial situation

a. FINANCIAL POSITION - lei

	31 December 2023	31 March 2024
Tangible fixed assets	204.609.934	203.640.870
Intangible assets	3.357	409
Real estate investment	0	0
Investments in affiliated companies	149.850	149.850
Other investment securities	200	200
Biological actives	5.014	4.755
Rights to use leased assets	782.579	883.564
TOTAL FIXED ASSETS	205.550.934	204.679.648
Stocks	22.344.207	22.872.063
Trade and other receivables	28.750.579	29.881.589
Cash and cash equivalents	503.717	430.997
Other assets (prepaid expenses)	289.316	976.700
TOTAL CURRENT ASSETS	51.887.819	54.161.349
1.TOTAL ACTIVE	257.438.753	258.840.997
Share capital	24.266.709	24.266.709
Adjustments to share capital	0	0
Other equity items	(453.168)	(453.168)
Capital premium	14.305.342	14.305.342
Revaluation reserves	117.173.624	117.173.624
Book	47.701.621	47.701.621
Retained earnings except those arising from the first-time adoption of IAS 29	9.552.175	10.395.793
Profit at the end of the reporting period	906.388	86.237
Profit sharing	62.769	0
2.TOTAL EQUITY	213.389.922	213.476.158
Long-term loans	4.282.295	5.076.671
Other debts, including deferred income tax	790.953	825.735
TOTAL LONG-TERM DEBT	5.073.248	5.902.406
Trade and other payables	12.594.505	16.669.709
Short-term loans	23.169.040	19.714.268
Current income tax liability	90.572	57.035
TOTAL SHORT-TERM DEBT	35.854.117	36.441.012
Investment grants, of which:	3.121.466	3.021.421
- current portion	544.462	544.462
- over one year	2.577.004	2.476.959
TOTAL LIABILITIES	257.438.753	258.840.997

b. STATEMENT OF INCOME AND EXPENDITURE - lei

	31.03.2023	31.03.2024
NET TURNOVER	24.367.427	19.619.654
Change in stocks of finished goods and work in progress	5.261.011	(202.325)
Income from the production of tangible fixed assets	138.188	851.252
Other income	193.502	207.392
OPERATING INCOME - TOTAL	29.960.128	20.475.973
Raw materials and consumables used	11.952.275	8.276.188
Other material expenditure	493.750	409.453
Other external expenditure (energy and water)	8.607.691	2.784.623
Expenditure on goods	0	0
Trade discounts received	(122.723)	(1.459)
Staff expenditure, of which	5.168.388	4.543.059
-Salaries and allowances	5.046.100	4.440.889
-Insurance and social protection costs	122.288	102.170
Value adjustments on intangible assets, tangible fixed assets, investment property and biological assets valued at cost	2.420.521	2.120.781
Expenditure	2.420.521	2.120.781
Income		
Value adjustments on current assets	0	0
Expenditure	0	0
Income	0	0
Other operating expenditure of which	2.361.396	1.654.042
-Expenditure on external benefits	2.051.961	1.395.941
-Other taxes, duties and charges and assimilated spills	296.398	256.048
-Other expenditure	13.037	2.053
OPERATING EXPENDITURE - TOTAL	30.881.298	19.786.687
OPERATING PROFIT OR LOSS	(921.170)	689.285
Income from exchange rate differences	71.955	3.407
Interest income + other financial income	5	58

FINANCIAL INCOME	71.960	3.465
Interest-related expenditure	550.530	518.320
Other financial charges	79.482	31.159
FINANCIAL EXPENSES	630.012	549.479
FINANCIAL PROFIT OR LOSS	(558.052)	(546.014)
TOTAL REVENUE	30.032.088	20.479.438
TOTAL EXPENDITURE	31.511.310	20.336.166
GROSS PROFIT	(1.479.222)	143.272
Corporation tax	0	57.035
NET PROFIT	(1.479.222)	86.237

EXPLANATORY NOTES to the individual interim financial statements as at 31.03.2024

In the first quarter of 2024, the national economy continues to face multiple challenges related to stability and predictability that have been amplified by high inflation but also by issues related to the economic implications of the armed conflict at the border and the consequences of the energy crisis.

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

The current economic context continues to be dominated by uncertainties, and there is no possibility of making accurate forecasts for the coming period.

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

Currently the most worrying phenomenon is inflation, which has led to a decrease in the purchasing power of potential customers, thus decreasing the demand in the building materials market and the orientation of consumption towards existing products.

Under these conditions, as of March 31, 2024, compared to the same period of 2023, the bottleneck in the building materials market caused by the lack of liquidity and the decrease in the purchasing power of consumers will continue. As regards the market for reinforced and prestressed concrete precast products, electric poles, highway elements, prefabricated parts, beams for road bridges, the cause is the slow settlement of executed works due to financial bottlenecks in the national investment field, the low volume of

large projects for national infrastructure as well as skilled labour. Although investments from European funds are vital for the Romanian economy, their absorption is below the optimal level. The implementation of the PNRR and the absorption of European funds should be a major objective for Romania.

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

The turnover recorded on 31.03.2024 is decreasing by 19.48 % compared to that recorded on 31.03.2023, the depreciation of this indicator being due to the decrease in the volumes sold.

The operating result recorded an appreciation of 1,610,455 lei, from -921,170 lei (31.03.2023) to 689,285 lei (31.03.2024), the appreciation being due to the company's policies applied to reduce production costs.

The financial result recorded on 31.03.2024 is in the amount of -546.479 lei, compared to -558.052 lei recorded in the same period of 2023, being in the same range of values.

The value of fixed assets decreased by 0.42 %, from 205.550.934 lei (31.12.2023) to 204.679.648 lei (31.03.2024), decrease due to depreciation of land and buildings, technical installations and machinery, other installations, equipment and furniture.

The value of current assets increased by 3.07 %, from 51.598.503 lei (31.12.2023) to 53.184.649 lei (31.03.2024), while net current assets appreciated, recording a value of 17.175.875 lei compared to 15.489.240 lei recorded on 31.12.2023.

Total debts increased by 3.45%, from 40,927,365 lei (31.12.2023) to 42,343,418 lei (31.03.2024), mainly due to inflation, which caused the increase in supply prices and labour costs.

As of 31.03.2024, total revenues amounted to 20,479,438 lei, representing 68.19% of the revenues realized in the same period of 2023 and total expenses amounted to 20,336,166 lei, representing 64.53% of the expenses realized in the same period of 2023. The gross result under these conditions is 143,272 lei.

During 2024, Q1, there were no significant mergers or reorganisations of the Company and no major assets of the Company were disposed of.

2. Analysis of company activity

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

During 2024, there were various risks, but these were foreseeable and managed appropriately by the company's management, a situation that did not result in substantial additional costs.

The company is exposed to the following risks:

- Credit risk;
- Liquidity risk;
- Market risk;
- Currency risk;
- Operational risk;
- Balancing cost risk;
- Taxation risk.
- Medical risk

Credit risk

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

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

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

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

Liquidity risk

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

The company has committed long-term loans.

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

Market risk

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

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

Exposure to interest rate risk

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

Interest rate risk management

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

Currency risk

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

Operational risk

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

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

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

Balancing cost risk

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

Taxation risk

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

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

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

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

Medical risks

Under conditions of **infection/re-infection** with the new COVID 19 coronavirus, negative effects may occur such as: - slowing down of the supply activity; - postponement/decrease of sales; - possible cases of staff illness or childcare leave. At the company level, measures have been taken to distribute protective materials to employees consisting of gloves and masks, measures have been taken to comply with hygiene and disinfection rules in order to prevent infection, procedures have been established and specific measures have been taken regarding interaction between employees and between employees and collaborators, perimeters have been established for the circulation of staff and vehicles, measures have been taken to limit entry to the company premises, respecting schedules and hygiene rules, measures have been taken to transport employees to and from work with a delay in working hours, and where possible, certain categories of non-productive staff have been chosen to work from home. The procedures and measures have been posted and are visible to all employees. Measures have been taken to comply with the provisions of ordinances, government decisions issued by the authorities during this period. The major risk in case of infection with COVID 19 is to stop the production process and put the staff in isolation and quarantine, with serious consequences for the company's activity. In the first 3 months of the year the company has registered a normal functioning with no cases of infection.

The risk of war

In February 2022, global geopolitical tensions escalated significantly following the Russian Federation's military interventions in Ukraine. As a result of these escalations, economic uncertainties in the energy and capital markets have increased, global energy prices. If the armed conflict situation in Ukraine escalates, there is a risk of partial or

total shutdown of business, inflation, reduced trade and investment, increased taxation and bank interest rates, material destruction and loss of life.

At the date of this report, management cannot reliably estimate the effects of these risks on the company's financial prospects and cannot exclude negative consequences for the business, operations and financial condition. Management believes that all necessary steps are being taken 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.

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

According to the Investment Programme, machinery and means of transport have been and will be purchased, in order to improve the commercial activity, the working microclimate, the automation of technological processes will be continued, aspects that will determine the increase of the work productivity, implicitly the economic result of the company.

Investments in 2024 will be made from own and borrowed sources.

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

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

- very high inflation;
- decreasing consumer comparison power;
- increasing the cost of financing;
- the war in Ukraine ;
- energy crisis and rising gas and electricity prices;
- excessive and changing taxation;
- rising prices for raw materials and fuel;
- increase in bank interest rates;
- the accentuation of macroeconomic imbalances, with negative implications for the market;
- the penetration on the domestic market of products similar to those of the imported company (fibre-brick tubes);
- inconsistency in the legislative field;
- Excessive bureaucracy in obtaining the necessary permits and authorizations for operation.

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

Not applicable.

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

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

4. Significant transactions

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

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

**Economic Director,
Ec. Boitan Daniela**

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

STATEMENT OF ASSETS, LIABILITIES AND EQUITY
On 31.03.2024

RON

Item name		Line No.	Balance on:	
			1 January 2024	31 March 2024
A		B	1	2
A.	FIXED ASSETS			
	I. INTANGIBLE FIXED ASSETS			
	1. Development expenditure	01	0	0
	2. Concessions, patents, licences, trademarks, similar rights and assets and other intangible assets	02	3.357	409
	3. Goodwill	03	0	0
	4. Advances	04	0	0
	5. Intangible assets for mining and evaluation of mineral resources	05	0	
	TOTAL	06	3.357	409
	II. TANGIBLE IMMOBILISATIONS			
	1. Land and buildings	07	148.700.680	150.228.724
	2. Technical installations and machinery	08	48.241.614	47.002.920
	3. Other plant, machinery and furniture	09	31.690	30.489
	4. Real estate investments	10	0	0
	5. Tangible fixed assets in course of construction	11	3.064.069	1.830.403
	6. Real estate investments in progress	12	0	0
	7. Tangible assets for mining and evaluation of mineral resources	13	0	0
	8. Productive plants	14	0	0
	9. Advances	15	4.571.881	4.548.334
	TOTAL	16	204.609.934	203.640.870
	III. Productive biological assets	17	5.014	4.755
	IV. Rights of use of leased assets	18	782.579	883.564
	V. FINANCIAL FIXED ASSETS			
	1. Shares held in subsidiaries	19	149.850	149.850
	2. Loans granted to group entities	20	0	0
	3. Shares held in associates and jointly controlled entities	21	0	0
	4. Loans granted to associates and jointly controlled entities	22	0	0
	5. Other fixed assets	23	200	200
	6. Other loans	24	0	0
	TOTAL	25	150.050	150.050
	FIXED ASSETS - TOTAL	21	205.550.934	204.679.648
B.	CURRENT ASSET			
	I. STOCKS			
	1. Raw materials and consumables	27	6.896.759	7.683.091
	2. Assets held for sale	28	0	0
	3. Production in progress	29	732.134	880.940
	4. Finished products and goods	30	14.530.200	14.117.867
	5. Advances	31	185.114	190.165

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

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

Item name	Line No.	Balance on:	
		1 January 2024	31 March 2024
A	B	1	2
TOTAL	32	22.344.207	22.872.063
II. RECEIVABLE			
1. Commercial creditor	33	28.276.127	29.363.479
2. Advances paid	34	11.432	41.282
3. Amounts receivable from group entities	35	0	0
4. Amounts receivable from jointly controlled entities	36	0	0
5. Claims arising from derivative transactions	37	0	0
6. Other claims	38	463.020	476.828
7. Subscribed and paid-up capital	39	0	0
8. Dividend receivables distributed during the financial year	40		
TOTAL	41	28.750.579	29.881.589
III. SHORT-TERM INVESTMENTS	42	0	0
IV. CASH AND BANK ACCOUNTS	43	503.717	430.997
CURRENT ASSETS - TOTAL	44	51.598.503	53.184.649
C. PREPAID EXPENSES	45	289.316	976.700
Amounts to be taken back within a period of up to one year	46	289.316	976.700
Amounts to be taken back in more than one year	47	0	0
D. DEBTS: AMOUNTS TO BE PAID WITHIN A PERIOD OF UP TO ONE YEAR			
1. Borrowings from bond issues	48	0	0
2. Amounts due to credit institutions	49	23.169.040	19.714.268
3. Advances received on orders	50	1.287.068	3.365.427
4. Trade debts - suppliers	51	7.072.947	7.150.096
5. Paying bills	52	0	0
6. Amounts due to entities without group	53	0	0
7. Amounts due to associated entities and jointly controlled entities	54	0	0
8. Liabilities arising from derivative transactions	55		
9. Other liabilities, including tax and social security liabilities	56	4.325.062	6.211.221
TOTAL	57	35.854.117	36.441.012
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES	58	15.489.240	17.175.875
F. TOTAL ASSETS MINUS CURRENT LIABILITIES	59	221.040.171	221.855.523
G. DEBTS: AMOUNTS TO BE PAID IN MORE THAN ONE YEAR			
1. Borrowings from bond issues	60	0	0
2. Amounts due to credit institutions	61	4.282.295	5.076.671
3. Advances received on orders	62	0	0
4. Trade debts - suppliers	63	0	0
5. Paying bills	64	0	0

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

Item name	Line No.	Balance on:	
		1 January 2024	31 March 2024
A	B	1	2
6. Amounts due to entities without group	65	0	0
7. Amounts due to associated entities and jointly controlled entities	66	0	0
8. Liabilities arising from derivative transactions	67		
9. Other liabilities, including tax and social security liabilities	68	790.953	825.735
TOTAL	69	5.073.248	5.902.406
H. PROVISIONS			
1. Provisions for employee benefits	70	0	0
2. Other provisions	71	0	0
TOTAL	72	0	0
I. PREPAID INCOME			
1. Investment grants	73	3.121.466	3.021.421
Amounts to be taken back in up to one year	74	544.462	544.462
Amounts to be taken back in more than one year	75	2.577.004	2.476.959
2. Prepaid income, of which	76	0	0
Amounts to be taken back in up to one year	77	0	0
Amounts to be taken back in more than one year	78	0	0
3. Prepaid income on assets transferred from customers, of which	79	0	0
Amounts to be taken back in up to one year	80		
Amounts to be taken back in more than one year	81		
TOTAL	82	3.121.466	3.021.421
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. Subscribed paid-in capital	83	24.266.709	24.266.709
2. Unsubscribed capital	84	0	0
3. Subscribed capital representing financial liabilities	85	0	0
4.	86	0	0
5. Adjustments to the share capital SC	87	0	0
SD	88	0	0
6. Other equity items SC	89	0	0
SD	90	453.168	453.168
TOTAL	91	23.813.541	23.813.541
II. CAPITAL PREMIUM	92	14.305.342	14.305.342
III. REVALUATION RESERVES	93	117.173.624	117.173.624
IV. RESERVE			
1. Legal reserves	94	6.086.757	6.086.757
2. Statutory or contractual reserves	95	0	0
3. Other reserves	96	41.614.864	41.614.864
TOTAL	97	47.701.621	47.701.621
Exchange differences on translation of individual annual financial statements into a presentation currency other than the functional currency (Balance C)	98	0	0
(Balance D)	99	0	0
5. Own actions	100	0	0
Gains related to equity instruments	101	0	0

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

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

Item name		Line No.	Balance on:		
			1 January 2024	31 March 2024	
A		B	1	2	
Losses related to equity instruments		102	0	0	
V. RESULT CARRIED FORWARD WITH THE EXCEPTION OF RES REP PR FROM THE FIRST-TIME ADOPTION OF IAS 29		Balance C	103	9.552.175	10.395.793
		Balance D	104	0	0
VI. RETAINED EARNINGS FROM THE FIRST-TIME ADOPTION OF IAS 29		Balance C	105	0	0
		Balance D	106	0	0
VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD		Balance C	107	906.388	86.237
		Balance D	108	0	0
Profit sharing		109	62.769	0	
EQUITY - TOTAL		110	213.389.922	213.476.158	
Private wealth		111	0	0	
Public Heritage		112	0	0	
CAPITAL - TOTAL		113	213.389.922	213.476.158	

Administrator,

Surname and name
MILUT PETRE MARIAN

Signature
Unit stamp

Prepared by

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

Signature

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

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

STATEMENT OF INCOME AND EXPENDITURE		Line No.	Financial year	
			31.03.2023	31.03.2024
			Name of indicators	
	A	B	1	2
1.	Net turnover (headings 02+03-04+05+06)	01	24.367.427	19.619.654
	Production sold (ct.701+702+703+704+705+706+708)	02	24.499.087	19.757.581
	Proceeds from the sale of goods (ct. 707)	03	0	0
	Trade discounts granted (ct. 709)	04	131.660	137.927
	Income from operating subsidies on net turnover (ct.7411)	05	0	0
2.	Income relating to costs of stocks of products (ct.711+712)	Balance C 06	5.261.011	0
		Balance D 07	0	202.325
3.	Income from the production of real estate and investment property	08	138.188	851.252
4.	Income from the production of tangible and intangible fixed assets (ct. 721+ 722)	09	138.188	851.252
5.	Income from real estate investment production	10	0	0
6.	Income from fixed assets held for sale	11	0	0
7.	Income from the revaluation of fixed assets	12	0	0
8.	Income from real estate investments	13	0	0
9.	Income from biological assets and agricultural products	14	0	0
10.	Income from operating subsidies	15	0	0
11.	Other operating revenue (ct.758+7417+7815) of which	16	193.502	207.392
12.	- Income from investment grants	17	126.199	189.874
13.	- Earnings from bargain purchases	18	0	0
	OPERATING INCOME - TOTAL	19	29.960.128	20.475.973
14.	a) Expenditure on raw materials and consumables (ct.601+602-7412)	20	11.952.275	8.276.188
	Other material expenditure (ct.603+604+606+608)	21	493.750	409.453
	b) Other external expenditure (energy and water)(ct.605-7413)	22	8.607.691	2.784.623
	c) Expenditure on goods (ct.607)	23	0	0
	Trade discounts received (ct. 609)	24	122.723	1.459
15.	Staff expenditure, of which:	25	5.168.388	4.543.059
	a) Wages and allowances (ct.641+642+643+644-7414)	26	5.046.100	4.440.889
	b) Insurance and social protection expenditure (ct.645-7415)	27	122.288	102.170
16.	a) Value adjustments on tangible and intangible fixed assets	28	2.420.521	2.120.781
	a.1) Expenditure (ct.6811+6813)	29	2.420.521	2.120.781
	a.2) Expenditure on assets and rights to use leased assets	30	0	0
	a.3) Revenue (ct.7813)	31	0	0
	b) Value adjustments on current assets	32	0	0
	b.1) Expenditure (ct.654+6814)	33	0	0
	b.2) Revenue (ct.754+7814)	34	0	0
17.	Other operating expenditure	35	2.361.396	1.654.042
	1. Expenditure on external services (items 611+612+613+614+621+622+623+624+625+626+627+628-7416)	36	2.051.961	1.395.941
	2. Expenditure on other taxes, duties and similar charges (heading 635)	37	296.398	256.048
	3. Environmental protection expenditure	38	0	0
	4. Expenditure related to fixed assets held for sale	39	0	0
	5. Expenditure from revaluation of fixed assets	40	0	0

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

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

STATEMENT OF INCOME AND EXPENDITURE		Line No.	Financial year	
			31.03.2023	31.03.2024
Name of indicators			1	2
A		B		
6.	Expenditure on real estate investments	41	0	0
7.	Expenditure on biological assets	42	0	0
8.	Expenditure on disasters and other similar events	43	0	0
9	Other expenditure	44	13.037	2.053
	Adjustments to provisions	45	0	0
	- Expenditure (ct.6812)	46	0	0
	- Revenue (ct.7812)	47	0	0
	OPERATING EXPENDITURE - TOTAL	48	30.881.298	19.786.687
	OPERATING PROFIT OR LOSS		0	0
	- Profit	49	0	689.285
	- Loss	50	921.170	0
18.	Income from shares held in subsidiaries	51	0	0
19.	Income from shares held in associates	52	0	0
20.	Income from shares held in associates and jointly controlled entities	53	0	0
21	Income from securities and other derivatives transactions	54	0	0
22	Income from derivative transactions	55	0	0
23.	Income from exchange rate differences	56	71.955	3.407
24.	Interest income (ct.766*)	57	5	58
	- of which, income from group entities	58	0	0
25	Income from operating subsidies for interest due	59	0	0
26	Income from short-term financial investments	60	0	0
27	Other financial income	61	0	0
28	FINANCIAL INCOME - TOTAL	62	71.960	3.465
29..	Value adjustments on financial fixed assets and investments held as current assets	63	0	0
	- Expenditure (ct.686)	64	0	0
	- Revenue (ct.786)	65	0	0
30	Expenditure on transactions in securities and financial instruments	66	0	0
31	Expenditure on derivative transactions	67	0	0
32	Interest expenditure (ct.666*-7418)	68	550.530	518.320
	- of which, expenses in relation to group entities	69	0	0
33	Expenditure on interest on leasing contracts	70	0	0
34	Other financial charges (ct.663+664+665+667+668)	71	79.482	31.159
35	FINANCIAL EXPENDITURE - TOTAL	72	630.012	549.479
36	FINANCIAL PROFIT OR LOSS:			
	- Profit	73	0	0
	- Loss	74	558.052	546.014
37	TOTAL REVENUE	75	30.032.088	20.479.438
38	TOTAL EXPENDITURE	76	31.511.310	20.336.166

S.C. PREFAB S.A. BUCURESTI
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STATEMENT OF INCOME AND EXPENDITURE		Line No.	Financial year	
			31.03.2023	31.03.2024
Name of indicators				
A		B	1	2
	GROSS PROFIT OR LOSS:			
	- Profit	77	0	0
	- Loss	78	1.479.222	143.272
40	Current income tax (ct.691)	79	0	57.035
41	Delayed income tax (ct.692)	80	0	0
42	Deferred income tax revenue	81	0	0
43	Expenditure with corporate income tax , caused by uncertainties about tax treatments	82	0	0
44	Activity-specific tax	83	0	0
45	Other taxes not shown under the above items (item 698)	84	0	0
46.	NET PROFIT OR LOSS FOR THE FINANCIAL YEAR:			
	- Profit	85	0	0
	- Loss	86	1.479.222	86.237

Administrator,

Surname and name
MILUT PETRE MARIAN

Signature
 Unit stamp

Prepared by

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

Signature

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

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

INFORMATIVE DATE

I. Data on the recorded result	Line no.	No. units	Amount	
A	B	1	2	
Units that recorded a profit:	01	0	86.237	
Units that recorded a loss:	02	1	0	
Units that have recorded neither profit nor loss	03	0	0	
II. Data on outstanding payments:	Line no.	Total, of which	For current activity	For investment activity
A	B	1=2+3	2	3
Outstanding payments - , of which:	04	0	0	0
Outstanding suppliers - total, of which:	05	0	0	0
- over 30 days	06	0	0	0
- over 90 days	07	0	0	0
- over 1 year	08	0	0	0
Outstanding social security liabilities - total, of which:	09	0	0	0
- state social security contributions payable by employers, employees and other assimilated persons	10	0	0	0
- contributions to the social health insurance fund	11	0	0	0
- contribution for supplementary pension	12	0	0	0
- contribution to the unemployment insurance budget	13	0	0	0
- other social debts	14	0	0	0
Outstanding obligations to the budgets of special funds and other funds	15	0	0	0
Outstanding obligations to other creditors	16	0	0	0
Unpaid taxes and duties to the state budget on time	17	0	0	0
Unpaid taxes and duties to local budgets on time	18	0	0	0
Bank loans not repaid on maturity - total, of which:	19	0	0	0
- outstanding after 30 days	20	0	0	0
- outstanding after 90 days	21	0	0	0
Remaining after 1 year	22	0	0	0
Remaining interest rates	23	0	0	0

III. Average number of employees	Line no.	31.03.2023	31.03.2024
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S.C. PREFAB S.A. BUCURESTI
FINANCIAL STATEMENTS

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

A	B	1	2
Average number of employees	24	300	345
Actual number of employees	25	398	373
IV. Interest and royalty payments	Line no.	Amount (lei)	
A	B	1	
Gross interest income paid by Romanian legal entities to non-resident individuals, of which:	26	0	
- tax due to the state budget	27	0	
Gross interest income paid by Romanian legal entities to non-resident individuals from EU Member States, of which:	28	0	
- tax due to the state budget	29	0	
Gross interest income paid by Romanian legal entities to non-resident affiliated legal entities, of which:	30	0	
- tax due to the state budget	31		
Gross interest income paid by Romanian legal entities to non-resident legal entities from EU Member States, of which:	32	0	
- tax due to the state budget	33	0	
Gross income from dividends paid by Romanian legal entities to non-resident legal entities, of which:	34	0	
- tax due to the state budget	35	0	
Gross income from dividends paid by Romanian legal entities to non-resident legal entities, according to art.117 letter h) of Law no.571/2003 on the Fiscal Code, with subsequent amendments and additions, of which:	36	0	
- tax due to the state budget	37	0	
Gross income from royalties paid by Romanian legal entities to non-resident affiliated legal entities from EU Member States, of which:	38	0	
- tax due to the state budget	39	0	
Gross royalty income paid by Romanian legal entities to non-resident legal entities, of which	40	0	
- tax due to the state budget	41	0	
Royalties paid during the reporting period for public goods received under concession, of which:	42	7800	
-receivables for public property paid to the state budget	43	7800	
Mining royalty paid	44	0	
Gross income from services paid by Romanian legal persons to non-resident persons, of which:	45	0	
- tax due to the state budget	46	0	
Gross income from services paid by Romanian legal entities to non-resident persons from EU Member	47	0	

S.C. PREFAB S.A. BUCURESTI
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(all amounts are expressed in new lei ("RON"))

States, of which:			
- tax due to the state budget	48		0
Subsidies received during the reporting period, of which:	49		0
-subsidies received during the reporting period related to assets	50		0
-revenue-related subsidies, of which:	51		0
-subsidies to stimulate employment	52		0
Outstanding debts, which have not been collected within the deadlines specified in the commercial contracts and/or in the regulations in force, of which:	53		0
-Outstanding receivables from majority or wholly state-owned sector entities	54		0
-Overdue receivables from private sector entities	55		0
V. Meal voucher	Line no.	Amount (lei)	
A	B	1	
Reimbursement of meal vouchers granted to employees	56		
VI. Research and development expenditure, of which:	Line no.	31.03.2023	31.03.2024
A	B	1	2
R&D expenditure, of which:	57	0	0
- from public funds	58	0	0
- from private funds	59	0	0
VII. Innovation expenditure:	Line no.	31.03.2023	31.03.2024
Innovation expenditure - total, of which:	60	0	0
- innovation expenditure completed during the period	61	0	0
- innovation expenditure being finalised during the period	62	0	0
- innovation expenditure abandoned during the period	63	0	0
VIII. OTHER INFORMATION	Line no.	31.03.2023	31.03.2024
A	B	1	2
Advances granted for intangible assets	64		
Advances for tangible fixed assets	65	3.238.424	4.548.334
Financial fixed assets, gross of which:	66	150.050	150.050
Shares held in affiliated entities, participating interests, other fixed assets and long-term bonds, gross of which:	67	150.050	150.050
- listed shares issued by residents	68		
- unquoted shares issued by residents	69	150.050	150.050

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

- shares issued by residents	70	0	0
- bonds issued by residents	71	0	0
- shares issued by collective investment undertakings (including SIFs) issued by residents	72	0	0
- shares issued by non-residents	73	0	0
- bonds issued by non-residents	74	0	0
Non-current assets, gross of which:	75	203	203
- receivable immobilized in lei and expressed in lei, whose settlement is made according to the exchange rate of a currency (from ct. 267)	76	203	203
- fixed foreign currency claims (from item 267)	77		
Trade receivables, advances to suppliers and other similar accounts, in amounts gross (ct.409+ 411 + 413 + 418)	78	29.325.146	29.535.947
Receivable in respect of staff and similar accounts (ct. 425 + 4282)	79	0	0
Receivable relating to the social security budget and the state budget (items 431 + 437 +4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482)	80	209.333	285.459
Receivable of the entity in relations with affiliated entities (ct .451)	81	0	0
Other receivable (ct. 451 + 453 + 456 + 4582 + 461 + 471 + 473)	82	73.014	191.369
Interest receivable (ct. 5187)	83	0	0
Gross short-term investments (items 501 + 505 + 506 + of item 508), of which	84	0	0
- listed shares issued by residents	85	0	0
- unquoted shares issued by residents	86	0	0
- shares issued by residents	87	0	0
- bonds issued by residents	88	0	0
- shares issued by resident collective investment undertakings (including SIFs)	89	0	0
- shares issued by non-residents	90	0	0
- bonds issued by non-residents	91	0	0
Other receivables (ct. 5113 + 5114)	92	0	0
Cash in lei and in foreign currency of which	93	1.602	706
- in lei (ct. 5311)	94	1.602	706
- in foreign currency (ct. 5314)	95	0	0
Current accounts with banks in lei and foreign currency, of which	96	1.532.728	430.291
- in lei (ct. 5121)	97	1.531.360	429.154
- in foreign currency (ct. 5124)	98	1.368	1.137
Other current accounts with banks and letters of credit, of which	99	0	0
- amounts pending settlement, letters of credit and other receivables, in lei (ct. 5112 + 5125 + 5411)	100	0	0

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

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

- amounts in course of settlement and letters of credit in foreign currency (ct. 5125 + 5412)	101	0	0
Debts, of which:	102	41.846.991	42.343.418
- Gross borrowings from bond issues and related interest (ct. 161 + 1681)	103	0	0
- in lei	104	0	0
- in foreign currency	105	0	0
- Short-term domestic bank loans and related interest (ct. 5191 + 5192 + 5197 + din ct. 5198), of which	106	20.766.834	19.714.268
- in lei	107	20.766.834	19.714.268
- in foreign currency	108	0	0
-Short-term external bank loans and related interest (items 5193 + 5194 + 5195 + of 5198), of which	109	0	0
- in lei	110	0	0
- in foreign currency	111	0	0
- Long-term bank loans and related interest (items 1621 + 1622 + 1627) + from ct. 1682) of which	112	4.904.706	5.076.671
- in lei	113	4.904.706	5.076.671
- in foreign currency	114	0	0
- Long-term external loans (ct. 1623 + 1624 + 1625 + of ct. 1682) (88+89)	115	0	0
- in lei	116	0	0
- in foreign currency	117	0	0
- Appropriations from the State Treasury (ct. 1626 + from ct. 1682)	118	0	0
- Other loans and related interest (items 166 + 167 + 1685 + 1686 + 1687)	119	0	372.567
- in lei and expressed in lei, the settlement of which is made according to the exchange rate a currency	120	0	0
- in foreign currency	121	0	0
- Trade payables, advances received from customers and other similar accounts, in gross amount (ct. 401 + 403 + 404 + 405 + 408 + 419)	122	13.088.851	10.515.523
- Liabilities in respect of staff and similar accounts (ct. 421 + 423 + 424 + 426) + 427 + 4281)	123	1.308.910	1.330.077
- Liabilities to the social security budget and the state budget (item 431 + 437 + 4381 + 441 + 4423 + 4428 + 444 + 446 + 447 + 4481)	124	1.484.092	2.288.697
- Liabilities of the entity towards affiliated entities (ct.451)	125	0	0
- Amounts due to shareholders/associates (item 455)	126	0	0

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

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

- Other liabilities (ct. 451 + 453 + 455 + 456 + 457 + 4581 + 462 + 472 + 473 + 269 + 509)	127	293.598	3.045.615
- Interest payable (ch. 5186)	128	0	0
Paid-up subscribed capital (ct. 1012) of which,	129	24.266.709	24.266.709
- listed shares	130	24.266.709	24.266.709
- unquoted shares	131		
- social shares	132		
- non-residents' paid-up subscribed capital (ct 1012)	133		
Patents and licences (from ct 202)	134		
IX. Information on expenses with collaborators	Line no.	31.03.2023	31.03.2024
A	B	1	2
Expenditure on collaborators (item 621)	135	0	0

Administrator,

**Surname and name
MILUT PETRE MARIAN**

Signature
Unit stamp

Prepared by

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

Signature

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

The Board of Directors of PREFAB S.A. hereby declares that it assumes responsibility for the preparation of the Financial Statements as of 31 March 2024.

The Board of Directors of PREFAB S.A. confirms the following with regard to the Financial Statements as at 31 March 2024:

a) The Financial Statements as at 31 March 2024 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

b) The accounting policies used in the preparation of the Financial Statements as at 31 March 2024 are in accordance with applicable accounting regulations.

c) The Financial Statements as at 31 March 2024 give a true and fair view of the financial position, financial performance and other information relating to the business.

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

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

Chairman of the Board of Directors,

Ing. Milut Petre Marian

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the three months ended on 31.03.2024

	Share capital	Adjustments to share capital (acct 1028)	Other equity items (acct 1034)	Capital premium	Own shares	Reserves	Retained and current result	Total
31 December 2023	24.266.709	0	(453.168)	14.305.342	0	164.875.245	10.395.796	213.389.923
Current overall result							86.237	86.237
Legal reserve allocations						0	0	0
Allocations to other reserves						0	0	0
Dividend distribution							0	0
Increase in reserve from revaluation of fixed assets						0		0
Transfer of revaluation reserve to retained earnings								0
31 March 2024	24.266.709	0	(453.168)	14.305.342	0	164.875.245	10.482.033	213.476.160

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

**Economic Director,
Ec. Boitan Daniela**

STATEMENT OF CASH FLOWS
Indirect method

<u>The element's name</u>	31.12.2023	31.03.2024
Cash flows from operating activities:		
Net profit before tax	1.255.370	143.272
<i>Adjustments for:</i>		
Depreciation and value adjustments related to tangible and intangible assets	9.545.776	2.120.781
Value adjustments reversed during the year	0	0
Subsidies - variation	-387.246	-100.045
Interest expenses and other financial expenses	2.159.193	549.479
Interest income and other financial income	-147.809	-3.465
Loss/ (profit) from the sale of tangible assets	-3.361	0
Profit tax paid	-348.982	0
Operating profit before changes in working capital	12.072.941	2.710.022
Decrease/increase of commercial and other receivables	-226.178	-1.131.010
Decrease/increase of stocks	184.799	-527.856
Decrease/increase of commercial and other debts	1.632.902	4.589.241
Net cash from operating activities	13.664.464	5.640.397
Cash flows from investment activities		
Payments for the acquisition of tangible and intangible assets	-9.383.384	-2.506.706
Proceeds from the sale of tangible and intangible assets	3.361	0
Interest received	147.809	3.465
Net cash from investment activities	-9.232.214	2.503.241
Cash flows from financing activities		
Loans received	62.991.457	8.226.153
Loan repayments	-62.674.869	-10.886.550
Interest paid	-2.159.193	-549.479
Dividend payments	-2.085.928	0
Net cash flow from financing activities	-3.928.533	-3.209.876
Net increase/decrease in cash and cash equivalents	-1.003.387	-72.720
Cash and cash equivalents at the beginning of the period	1.507.104	503.717
Cash and cash equivalents	503.717	430.997

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

Economic manager,
Ec. Boitan Daniela

EXPLANATORY NOTES to the individual interim financial statements as at 31.03.2024

In the first quarter of 2024, the national economy continues to face multiple challenges related to stability and predictability that have been amplified by high inflation but also by issues related to the economic implications of the armed conflict at the border and the consequences of the energy crisis.

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

The current economic context continues to be dominated by uncertainties, and there is no possibility of making accurate forecasts for the coming period.

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

Currently the most worrying phenomenon is inflation, which has led to a decrease in the purchasing power of potential customers, thus decreasing the demand in the building materials market and the orientation of consumption towards existing products.

Under these conditions, as of March 31, 2024, compared to the same period of 2023, the bottleneck in the building materials market caused by the lack of liquidity and the decrease in the purchasing power of consumers will continue. As regards the market for reinforced and prestressed concrete precast products, electric poles, highway elements, prefabricated parts, beams for road bridges, the cause is the slow settlement of executed works due to financial bottlenecks in the national investment field, the low volume of large projects for national infrastructure as well as skilled labour. Although investments from European funds are vital for the Romanian economy, their absorption is below the optimal level. The implementation of the PNRR and the absorption of European funds should be a major objective for Romania.

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

The turnover recorded on 31.03.2024 is decreasing by 19.48 % compared to that recorded on 31.03.2023, the depreciation of this indicator being due to the decrease in the volumes sold.

The operating result recorded an appreciation of 1,610,455 lei, from -921,170 lei (31.03.2023) to 689,285 lei (31.03.2024), the appreciation being due to the company's policies applied to reduce production costs.

The financial result recorded on 31.03.2024 is in the amount of -546.479 lei, compared to -558.052 lei recorded in the same period of 2023, being in the same range of values.

The value of fixed assets decreased by 0.42 %, from 205.550.934 lei (31.12.2023) to 204.679.648 lei (31.03.2024), decrease due to depreciation of land and buildings, technical installations and machinery, other installations, equipment and furniture.

The value of current assets increased by 3.07 %, from 51.598.503 lei (31.12.2023) to 53.184.649 lei (31.03.2024), while net current assets appreciated, recording a value of 17.175.875 lei compared to 15.489.240 lei recorded on 31.12.2023.

Total debts increased by 3.45%, from 40,927,365 lei (31.12.2023) to 42,343,418 lei (31.03.2024), mainly due to inflation, which caused the increase in supply prices and labour costs.

As of 31.03.2024, total revenues amounted to 20,479,438 lei, representing 68.19% of the revenues realized in the same period of 2023 and total expenses amounted to 20,336,166 lei, representing 64.53% of the expenses realized in the same period of 2023. The gross result under these conditions is 143,272 lei.

During 2024, Q1, there were no significant mergers or reorganisations of the Company and no major assets of the Company were disposed of.

Analysis of company activity

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

During 2024, there were various risks, but these were foreseeable and managed appropriately by the company's management, a situation that did not result in substantial additional costs.

The company is exposed to the following risks:

- Credit risk;
- Liquidity risk;
- Market risk;
- Currency risk;
- Operational risk;
- Balancing cost risk;
- Taxation risk.
- Medical risk

Credit risk

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

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

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

Liquidity risk

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

The company has committed long-term loans.

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

Market risk

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

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

Exposure to interest rate risk

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

Interest rate risk management

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

Currency risk

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

Operational risk

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

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

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

Balancing cost risk

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

Taxation risk

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

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

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

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

Medical risks

Under conditions of **infection/re-infection** with the new COVID 19 coronavirus, negative effects may occur such as: - slowing down of the supply activity; - postponement/decrease of sales; - possible cases of staff illness or childcare leave. At the company level, measures have been taken to distribute protective materials to employees consisting of gloves and masks, measures have been taken to comply with hygiene and disinfection rules in order to prevent infection, procedures have been established and specific measures have been taken regarding interaction between employees and between employees and collaborators, perimeters have been established for the circulation of staff and vehicles, measures have been taken to limit entry to the company premises, respecting schedules and hygiene rules, measures have been taken to transport employees to and from work with a delay in working hours, and where possible, certain categories of non-productive staff have been chosen to work from home. The procedures and measures have been posted and are visible to all employees. Measures have been taken to comply with the provisions of ordinances, government decisions issued by the authorities during this period. The major risk in case of infection with COVID 19 is to stop the production process and put the staff in isolation and quarantine, with serious consequences for the company's activity. In the first 3 months of the year the company has registered a normal functioning with no cases of infection.

The risk of war

In February 2022, global geopolitical tensions escalated significantly following the Russian Federation's military interventions in Ukraine. As a result of these escalations, economic uncertainties in the energy and capital markets have increased, global energy prices. If the armed conflict situation in Ukraine escalates, there is a risk of partial or total shutdown of business, inflation, reduced trade and investment, increased taxation and bank interest rates, material destruction and loss of life.

At the date of this report, management cannot reliably estimate the effects of these risks on the company's financial prospects and cannot exclude negative consequences for the business, operations and financial condition. Management believes that all necessary steps are being taken 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.

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

According to the Investment Programme, machinery and means of transport have been and will be purchased, in order to improve the commercial activity, the working microclimate, the automation

of technological processes will be continued, aspects that will determine the increase of the work productivity, implicitly the economic result of the company.
Investments in 2024 will be made from own and borrowed sources.

Specify and analyse the economic changes that significantly affect income from core business. Among the factors that have had a negative influence on the company's results, we list:

- very high inflation;
- decreasing consumer comparison power;
- increasing the cost of financing;
- the war in Ukraine ;
- energy crisis and rising gas and electricity prices;
- excessive and changing taxation;
- rising prices for raw materials and fuel;
- increase in bank interest rates;
- the accentuation of macroeconomic imbalances, with negative implications for the market;
- the penetration on the domestic market of products similar to those of the imported company (fibre-brick tubes);
- inconsistency in the legislative field;
- Excessive bureaucracy in obtaining the necessary permits and authorizations for operation.

Changes affecting the share capital and management of the company.

Not applicable.

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

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

Significant transactions

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

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

**Economic Director,
Ec. Boitan Daniela**