

## **BOARD REPORT FOR THE FINANCIAL YEAR 2023**

<b>Name of issuing entity:</b>	<b>IPROEB S.A.</b>
<b>Registered office:</b>	<b>Bistrita, 19 Drumul Cetății Street</b>
<b>Unique Registration Code at the Trade Register Office:</b>	<b>566930</b>
<b>Trade Register Number:</b>	<b>J06/55/1991</b>
<b>Subscribed and paid-up share capital:</b>	<b>37,572,221.10 lei</b>
<b>Regulated market on which the issued securities are traded:</b>	<b>Bucharest Stock Exchange -SMT- AeRO Premium</b>

### **1. Analysis of the company's activity**

#### **Overview**

Company name	IPROEB S.A.
Company type	Joint stock company
Address	str. Drumul Cetății, nr. 19, Bistrița, jud. Bistrița-Năsăud
Phone	0263-238150
Registration number at the Trade Register Office	J06/55/1991
Unique Registration Code	566930
Tax Identification Number	RO 566930
LEI [RON] Code	315700X8J7OF11FR5R47
Share capital	37,572,221.10 lei
Nominal value of shares	0.30 lei/share
Number of shares	125,240,737
Market on which the issued securities are traded	Bucharest Stock Exchange - SMT - AeRO Premium

**1.1. a) Description of the core business of the company:**

Founded in 1982, IPROEB SA is a company with a long tradition in the electrotechnical engineering field in Romania; its field of activity includes the production and marketing of cables and conductors, electro-insulating materials, composite insulators, automation means and various electrical equipment.

The cable and conductor factory produces a wide range of products, including insulated conductors for fixed and mobile electrical installations, medium and low voltage power cables, cables for overhead connections and power networks, polyethylene insulated coaxial cables, automotive cables, telecommunication cables, railway cables as well as the whole range of aluminium/steel alloy conductors.

The Automation and Insulator Factory produces complex equipment for the automotive industry, composite insulators for 20kV OPL, 110 kV OPL, 220 kV OPL and 400 kV OPL.

**b) The company establishment date:**

The establishment date of of IPROEB S.A.: 26.01.1991 by Government Decision no. 70/1991.

**c) Description of any significant mergers or reorganisations of the trading company, its subsidiaries or controlled companies during the financial year:**

N/A

**d) Description of acquisitions and/or disposals of assets:**

In 2023, the company acquired fixed assets in the amount of 1,138,799 lei, with the following structure:

	(lei)
- intangible assets (licences)	196,993
- tangible assets, of which:	941,806
- new equipment, machinery and installations	159,766
- measuring and control apparatus and installations	174,828
- motor vehicles	338,541
- furniture, office equipment	71,678

The programme of modernisation of existing fixed assets, machinery and installations also continued, with a total upgrading value of 5,727,872 lei.

At the end of 2023, investments in progress amount to 3,296,193 lei, consisting of equipment and machinery in the assembly or start-up phase, as well as upgrade works on existing machinery, building improvements or software updates.

## ***e) Description of the main results of the business assessment:***

### ***1.1.1. General assessment elements***

#### ***Turnover***

No.	Indicators	Achieved - lei 2022	Achieved - lei 2023	Variation 2023/2022(%)
1.	Turnover, of which	181,226,388	190,725,384	5.24%
	- export	9,224,147	5,215,052	(43.46%)
2.	Total revenue, of which :	183,288,543	195,079,987	6.43%
	- operating income	182,000,624	193,751,466	6.46%
	- financial income	1,287,919	1,328,520	3.15%
3.	Total expenditure, of which :	159,538,605	175,665,096	10.11%
	- operating expenses	157,989,142	174,710,807	10.58%
	- financial expenses	1,549,463	954,290	(38.41%)
4.	Gross profit	23,749,938	19,414,890	(18.25%)
5.	Net profit to be distributed	21,527,297	16,976,490	(21.14%)
6.	Basic earnings per share	0.148	0.1306	(11.76%)

The turnover achieved in 2023, amounting to 190,725,384 lei, has grown by 5.24% compared to the previous year, mainly due to the contracting of stock quantities with certain customers who ensured a consistency in deliveries, not being affected by seasonality. On the other hand, however, the influence of inflation, combined with the lack of non-permanent commercial operations from the company's non-core business, which had consolidated the previous year's figure, put pressure on the margin, leading to a decrease in net profit.

#### ***Costs***

The structure of the 2023 operating result is as follows:

INDICATOR	2022 lei	2023 lei
Turnover	181,226,388	190,725,384
Other operating income	774,236	3,026,083
Raw materials, other materials and other expenses (utilities, staff costs, value adjustments on assets)	147,576,083	161,385,823
Other operating expenses	10,413,059	13,324,983
Total operating revenue	182,000,624	193,751,466
Total operating expenses	157,989,142	174,710,807
Operating result	24,011,482	19,040,659

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### **Liquidity of the company**

Prudent liquidity risk management has involved, in addition to the amounts available in the accounts and petty cash, providing funding with adequate amounts from committed credit facilities.

During 2023, the management of IPROEB S.A. permanently monitored the cash flow forecasts so as to ensure the necessary liquidity for the normal course of business.

Cash and cash equivalents at the end of 2023 in the company's accounts and cash register amount to 13,169,163 lei. At the end of 2023 the company has no debts to banking institutions.

### **1.1.2. Evaluation of the technical level of the company:**

A description of the main products and/or services provided. The main products made by the company are:

#### **CABLE AND CONDUCTOR FACTORY**

- low and medium voltage cables and conductors
- non-insulated aluminium and aluminium-steel conductors
- drums for packaging electrical cables and conductors

#### **AUTOMATION AND INSULATION FACTORY**

- switchboards and distribution boxes
- composite insulators and insulator chains
- manufacturing lines for automotive wiring companies
- miscellaneous metal working and fabrication

#### **a) The main markets for each product or service and the methods of distribution**

Cables and electrical conductors have been mainly used in the Romanian market, by power distribution and transport companies, high, medium and low voltage power line construction companies, civil construction sector, retail companies, AFER authorized companies and, last but not least, by companies specialized in the installation and development of photovoltaic and wind farms.

On the export side, the company's export market is growing, with a focus on EMEA as well as Asia and Africa.

#### **b) The share of each category of products or services in the issuer's revenue and total turnover for the last three years**

<b><i>Product range</i></b>	<b><i>Share /2021</i></b>	<b><i>Share /2022</i></b>	<b><i>Share /2023</i></b>
<b><i>Cables and conductors</i></b>	91.07%	92.21%	93.36%
<b><i>Composite insulators</i></b>	3.26%	0.79%	1.78%
<b><i>Assembly lines/automation means</i></b>	4.71%	6.14%	0.5%
<b><i>Miscellaneous</i></b>	0.96%	0.86%	3.76%

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**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.**

- Extension of the range of medium voltage and large cross-section cables
- Solar cables
- Profiled non-insulated conductors

**1.1.3. Evaluation of technical and material supply activity**

Technical and material procurement aims to provide the raw materials and materials necessary for the company's production processes, in accordance with the requirements specified in the technical documentation (product sheets, specifications and material requirements), at a rate that allows the contract deadlines for the supply of products to be met.

Their procurement is done internally and externally, following regular evaluation and selection of suppliers.

The supplier base for all raw materials and materials supplied has been broadened, avoiding supply chain bottlenecks in the event of a production capacity shortage at one supplier.

The total value of stocks of raw materials and materials on 31.12.2023 was 22.8 million lei, down from 43.9 million lei on 31.12.2022. This decrease was mainly due to greater predictability on raw material and material supply lines, as there was no longer a need to secure certain additional raw material stocks to avoid disruptions in the supply chain.

**1.1.4. Evaluation of sales activity**

***a) Description of the development of sales sequentially in the domestic and/or foreign market and the medium and long-term sales perspective***

In 2023, sales of insulated and non-insulated electric cables and conductors, insulators and insulator chains were mainly in the domestic market and to a lesser extent in the foreign market.

Sales were made through the company's own area sales representatives and directly with customers, based on firm contracts.

IPROEB S.A. has recorded a turnover increase of more than 5% in 2023 compared to 2022.

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

On the domestic market IPROEB S.A. had as main competitors for cables (in the order of their weight in the sector)

- PRYSMIAN Cabluri si Sisteme S.A.
- ICME ECAB S.A. Bucharest

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External competitors for non-insulated conductors for OPL:

- APAR India
- NEXANS
- MIDAL

According to the existing rankings, the cumulated turnover for the first 36 companies, NACE code 2732, is 4,316,057,194 lei (excluding cable companies for the automotive industry), with employees count 3456.

The company's position within the sector (NACE code 2732, to which is added the company "Prysmian Cabluri si Sisteme" – NACE code 2731) is ranked in 5<sup>th</sup> place according to turnover and 3<sup>rd</sup> place according to the average number of employees.

The share of Iproeb S.A. in the turnover of the top 5 companies in the analysed ranking is about 4.6%.

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

N/A

#### **1.1.5. Assessment of employee/staff aspects of the company**

a) The average count of the company's employees in 2023 was 254 persons and on 31.12.2023 the employees count was 261.

Level of employee training:

- higher education	79 persons
- secondary and post-secondary education	80 persons
- vocational school	79 persons
- compulsory general education	23 persons

Degree of unionisation of the workforce : 70.04%

b) The relations between the Executive Management (namely the Board of Directors) and the employees (represented by the Trade Union of IPROEB S.A.) develop and are dealt with in accordance with the provisions of the applicable Collective Agreement, negotiated between the parties, and those stipulated in the Internal Regulations and the Labour Code.

In the course of 2023 there were no elements, conflicting states liable to affect the employer-employee relationship.

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

IPROEB S.A. maintains an **Environmental Management System** in accordance with **SR EN ISO 14001:2005** and an **Occupational Safety and Health Management System** in accordance with **SR ISO 45001:2018**, both certified by OCSM-AFER.

Documentation, implementation, maintenance and continuous improvement of the Environmental Management System in accordance with the requirements of the standard demonstrates that:

- The company's management is committed to achieving its overall performance objectives, including environmental objectives, with a view to continuous improvement, taking into account the needs of all stakeholders (shareholders, employees, customers, suppliers, community/company);

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- environmental aspects are subject to the company's management policy and overall objectives;
- criteria and methods are established for identifying, eliminating and/or minimising issues that have a negative impact on the environment, both on company staff and other stakeholders;
- the authority and responsibility of the roles responsible for implementing and maintaining environmental requirements are established and decisions are made at appropriate levels of authority;
- measures are taken to ensure compliance with legal and other applicable regulatory requirements related to environmental protection for all processes (manufacturing, maintenance, supply, inspection/testing, etc.);
- the necessary resources are provided to carry out the activities;
- verification and implementation actions are undertaken to continuously improve the Environmental Management System.

Environmental objectives and targets are set annually in line with the strategy, stated policy and commitment, and taking into account legal requirements and the previous year's achievements.

General and specific environmental objectives and targets are included in the "Environmental Management Programme" annually, based on the previous year's results and long-term strategy, with responsibilities, deadlines and budget allocation.

In 2023 IPROEB S.A. also focused its activity in the field of product quality improvement, applying itself on the alignment of products to the conditions imposed by customers, to the applicable legal and regulatory requirements in force as well as to the provisions of the new quality standards, aligned with international standards. In this regard, the internal and external context, the needs and expectations of stakeholders (customers, suppliers, employees, shareholders, legal and regulatory authorities, community) were taken into account in addressing the new requirements.

Measures and actions have been established and implemented to maintain and improve the Quality Management System, the Quality Management System of the Testing Laboratory and the Metrology Laboratory, eliminating risks that could affect the management systems.

### **Collaborations with certification, accreditation, authorisation bodies, customers and suppliers**

In view of customer, legal and regulatory requirements, concerns have been maintained regarding:

- **homologation and certification of new products in order to diversify manufacturing and access new market segments with these products:**
  - start certification of low and medium voltage cables for international markets
  - upgrading of the "long term test" stand by purchasing new equipment, superior in terms of its functionality and reliability.
- **renewal of the required management system certifications, authorisations, accreditations and approvals during 2023:**
  - o The **S1 surveillance audit of the Quality Management System** in accordance with ISO 9001:2015 was conducted by the certification body TÜV SUD of Germany on 20.06.2023 and the certificate issued by the certification body is valid until 06.06.2025, provided that the annual surveillance audits are conducted.

The conditions for ensuring compliance with the requirements of the **ISO 9001:2015** reference standard were assessed during the S1 audit of 2023.

In 2023 some processes and information flows were reviewed and modified in order to improve the overall system, taking into account the needs and organisational structure. New operational system procedures, process schemes and forms, new manufacturing and control plans for certified product groups have also been developed and implemented.

- o **Re-accreditation audit of the Testing Laboratory.**
- o **Railway supplier's authorisation**, according to the **AFER** regulations in force.
- o **Laboratory authorisation** for the "IPROEB SA" laboratory.

IPROEB SA holds:

- **certificates of technical approval for railways of type and manufacture**
- **certification and licenses to use the "R" mark of conformity, for Power cables and cables for control and signalling.**
- **extension of the accredited scope of the Metrology Laboratory.**

#### **1.1.7. Evaluation of Research and Development activity**

The research and development activity was focused on the assimilation and approval of new products, non-insulated wires with increased capacity and the optimisation of the construction of already approved conductors, intended for the electricity transmission infrastructure on low, medium and high voltage power lines.

As regards investment activity, this concerned the purchase of equipment for:

- Monitoring of electricity consumption per equipment
- Efficiency of electricity consumption by replacing drives on several machines
- Optimising the loading times of cable machines
- Purchase of automatic loading systems

#### **1.1.8. Evaluation of the company's risk management activity**

For the year 2024, the company aims to maintain its operating income at the previous year's level. However, there are a number of risks that could arise, such as:

- Currency risk as the company conducts transactions in different currencies, predominantly in euros and US dollars, so its business and results are exposed to fluctuations in exchange rates;
- Credit risk, which can arise when a third party fails to meet its contractual obligations and causes financial losses to the company. Accordingly, the company has adopted a policy of transacting with trusted parties and/or obtaining sufficient collateral to minimise risk;
- Price risk, as the company uses copper and aluminium as basic raw materials, the price of which is determined by quotations recorded by London Metal Exchange.

#### **1.1.9. Elements of perspective on the company's activity**

As far as the production activity is concerned, for the year 2024 the aim will be to achieve the indicators in the budget. Provided there are no particular problems caused by certain risk factors, the objective will be achieved.

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## **2. Tangible assets of the company**

### **2.2.1 Location and characteristics of production capacities**

I PROEB -S.A. is located in the industrial area of Bistrita, in the north-western area of the city.

The company I PROEB -S.A. is engaged in the production of:

- Uninsulated AI and OI-AI electrical conductors for overhead power lines;
- PVC and polyethylene insulated electrical cables;
- Composite electrical insulators;
- Means of automation;
- Metal fabrications.

I PROEB SA owns tangible assets materialized as land, buildings, special constructions, machinery and technological equipment, motor vehicles and non-current assets in progress.

Their evolution over the last 3 years is as follows (net value):

(lei)

No.	Indicator name	Year 2021	Year 2022	Year 2023
1.	Land and buildings	33,736,425	33,293,759	35,101,363
2.	Technological equipment and machinery	14,969,576	16,029,810	17,043,691
3.	Other plant, machinery, furniture	27,746	42,546	91,953
4.	Tangible assets in progress	2,852,242	3,642,464	3,296,193
	<b>TOTAL:</b>	<b>51,585,989</b>	<b>53,008,579</b>	<b>55,533,200</b>

The overall characteristics of I PROEB SA are:

- total area : 139,372.00 sqm
- built area : 46,811.00 sqm

#### ***The characteristics of the main production capacities are:***

I. Cable and Conductor Factory with a total area of 54,220 sqm

II. Automation and Insulation Factory with a total area of 28,647 sqm

III. Automation equipment and metal fabrications with a total area of 19,752 sqm

### **2.2. Degree of wear and tear on company property**

The fixed assets wear and tear degree is between 10% and 70%. Averaging the wear and tear degree at productive plants gives the following results:

Factory	Average wear and tear %
Cable and Conductor Factory	50
Automation and Insulators Factory	69

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### **2.3. Clarification of potential issues relating to ownership of issuer's tangible assets**

There are no ownership issues. IPROEB SA obtained the title deed Series M03 no. 0007 of 26.10.1992 and the land owned is registered on IPROEB SA. The company is entirely private.

### **3. Market for securities issued by the company**

The shares issued by IPROEB SA are traded only on the Bucharest Stock Exchange -SMT - AeRO Premium.

The shareholding structure as of 31 December 2023 is as follows:

No.	Shareholder	No. of shares	Percentage (%)
1	ELECTROMONTAJ S.A.	73,671,260	58.82
2	DD S.A. GROUP	21,098,200	16.85
3	Natural Persons	29,829,302	23.82
4	Other Legal Entities	641,975	0.51
	<b>TOTAL:</b>	<b>125,240,737</b>	<b>100.00</b>

#### **4.1. Directors**

**a) List of the company directors and the following information for each director (first name(s), surname, age, qualification, professional experience, position and length of service) as of 31.12.2023:**

**1. Mihai Marin** - 51 years old, economist, MBA Chairman of the Board of Directors and General Manager, elected by the OGM on 28.04.2022.

**2. Adrian Ionuț Tănăsoaică** - 40 years old, economist, MBA, member of the Board of Directors, elected by the OGM on 28.04.2022.

**3. Nicolae Gherguș**, 53 years old, engineer, economist, member of the Board of Directors, elected by the OGM on 28.04.2022.

**4. Ionuț-Dragoș Bîlteanu**, 33 years old, economist, MBA, member of the Board of Directors, elected by the OGM on 28.04.2022.

**5. Remus Iliuță**, 56 years old, MBA, member of the Board of Directors, elected by the OGM on 28.04.2022.

**b) Any agreement, arrangement or family relationship between the director in question and another person by virtue of which such person has been appointed director.**

N/A

**c) Directors' shareholding; Directors' shareholding in the capital of the company as of 31.12.2023:**

1. Mihai Marin	-	0 shares
2. Adrian Ionuț Tănăsoaică	-	0 shares
3. Nicolae Gherguș	-	18,325 shares (indirect)
4. Ionuț-Dragoș Bîlteanu	-	10,000 shares
5. Remus Iliuță	-	0 shares

**d) List of the Company affiliates**

Parties are regarded as affiliated if one party has the ability to control directly or indirectly, or significantly influence the other party through ownership or by virtue of contractual rights, family relationships or other, as defined in IAS 24 "Information on Affiliates".

Affiliates are considered to be the persons who are part of the Board of Directors, as well as ELECTROMONTAJ S.A., which is the majority shareholder, together with the other companies controlled by it.

**4.2. Executive management of the company**

**a)** The executive management of **IPROEB S.A.** as of 31.12.2023 was ensured by Mr. Mihai Marin as Managing Director and Chairman of the Board.

**(b)** Any agreement, arrangement or family relationship between that person and another person by virtue of which that person has been appointed as a member of the executive management;

- Not applicable.

**c)** Participation of the company management in the share capital

- None of IPROEB's directors hold shares.

**4.3. Any litigation or administrative proceedings**

For all persons listed in 4.1. and 4.2. above, details of any litigation or administrative proceedings in which they have been involved in the last five years relating to their work with the issuer and those relating to the ability of the person concerned to perform their duties with the issuer.

- N/A

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## 5. Accounts

### a) Balance sheet items

The main assets and liabilities of the balance sheet are as follows:

(lei)

INDICATOR NAME	YEAR		
	2021	2022	2023
<b>I. Fixed assets</b>			
1.1. Intangible assets	66,419	309,435	390,549
1.2. Tangible fixed assets	51,653,617	54,114,646	57,949,915
1.3. Financial fixed assets	625,184	619,779	952,732
<b>Total fixed assets</b>	<b>52,345,220</b>	<b>55,043,860</b>	<b>59,293,196</b>
<b>II. Current assets</b>			
II.1. Stocks	28,148,201	62,814,630	43,413,799
II.2. Receivables of which:	37,931,803	40,074,056	48,099,721
- trade receivables	33,234,162	37,511,122	47,514,755
Accrued expenses	82,591	162,223	184,083
II.3. Cash at bank and in hand	1,225,476	7,676,148	13,169,163
<b>Total current assets</b>	<b>67,305,480</b>	<b>110,564,834</b>	<b>104,682,682</b>
<b>TOTAL ASSETS</b>	<b>119,733,291</b>	<b>165,770,916</b>	<b>164,159,961</b>
<b>Debts</b>	<b>29,909,732</b>	<b>31,779,293</b>	<b>13,012,205</b>
<b>Provisions</b>	<b>1,880,617</b>	<b>1,959,503</b>	<b>2,236,339</b>
<b>Subsidies (surplus revaluation of technological equipment)</b>	<b>697,300</b>	-	-
Subscribed and paid in share capital	14,271,639	37,572,221	37,572,221
Revaluation reserves	25,472,941	25,472,941	25,472,941
Reserves	41,639,701	44,638,537	45,259,392
Retained earnings	1,998,999	2,554,833	23,461,274
Profit (loss) for the period	3,862,362	21,527,298	16,976,490
<b>Equity</b>	<b>87,245,642</b>	<b>131,765,829</b>	<b>148,742,318</b>
<b>TOTAL LIABILITIES</b>	<b>119,733,291</b>	<b>165,770,916</b>	<b>164,159,961</b>

Net fixed assets increased by 8%. Current assets have decreased by 5% compared to 31.12.2022. Cash holdings are growing significantly, being 72% higher in 2023 than in 2022.

As for the company's debts as of 31.12.2023, they are 60% lower than in 2022, mainly due to the decrease in debts to banks and commercial debts.

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## **b) Profit and loss account**

The profit and loss account, compared to the last two years, is as follows:

(lei)

NAME	2021	2022	2023
1. Net turnover	148,845,922	181,226,388	190,725,384
2. Income corresponding to the cost of ongoing production	5,884,415	(451,022)	1,259,020
3. Capitalised production	960,285	1,015,789	995,965
4. Other operating income	2,154,789	209,469	771,098
<b>I. Operating revenue TOTAL</b>	<b>157,845,411</b>	<b>182,000,624</b>	<b>193,751,466</b>
1. Expenses related to raw materials and consumables	116,144,385	118,949,719	126,897,905
2. Electricity, heating and water	3,948,051	5,164,787	5,281,711
3. Goods for resale	176,077	288,690	179,853
4. Personnel expenses	21,599,129	21,623,215	24,172,625
5. Value adjustments in respect of tangible and intangible assets	3,013,678	2,648,077	3,459,633
6. Value adjustments in respect of current assets	1,069,159	(1,098,403)	1,394,095
7. Other operating expenses	6,843,425	10,334,173	13,048,147
8. Provisions adjustments	47,978	78,886	276,836
<b>II. Operating expenses TOTAL</b>	<b>152,841,882</b>	<b>157,989,142</b>	<b>174,710,807</b>
III. Operating result	5,003,529	24,011,482	19,040,660
IV. Financial revenues	106,069	1,287,919	1,328,520
V. Financial expenses	387,988	1,549,463	954,290
VI. Financial result	(281,919)	(261,544)	374,230
<b>TOTAL REVENUE</b>	<b>157,951,480</b>	<b>183,288,543</b>	<b>195,079,987</b>
<b>TOTAL EXPENSES</b>	<b>153,229,871</b>	<b>159,538,605</b>	<b>175,665,096</b>
<b>GROSS PROFIT</b>	<b>4,721,610</b>	<b>23,749,938</b>	<b>19,414,890</b>
<b>Corporate tax</b>	<b>859,248</b>	<b>2,222,641</b>	<b>2,438,400</b>
<b>NET PROFIT</b>	<b>3,862,362</b>	<b>21,527,297</b>	<b>16,976,490</b>

Analysing the evolution of the last two years, we notice that compared to 2022, in 2023 the turnover is on an upward trend, with a 5.24% increase.

The operating activity ends in 2023 with total operating revenues of 193,751,466 lei, an increase of 6.46% compared to 2022.

In the structure of operating expenses, the following developments were recorded:

- a 6.68% increase in expenses related to raw materials and consumables;
- a 2.26% increase in electricity, heating and water expenses;
- a 11.79% increase in personnel expenses.

In terms of financial activity, financial expenses decreased significantly compared to 2022, due to a decrease in the use of credit lines. The financial result was positive at the end of the year.

Registered office: Strada Drumul Cetății, nr. 19, postal code 420063, Bistrita, Bistrita-Nasaud county,

Business location: Strada Candiano Popescu, nr. 1, sector 4, postal code: 040581, Bucharest,

Trade Register Number: J06/55/1991, TIN 566930, Fiscal attribute RO, Share capital 37,572,221.10 lei, IBAN RO63 BTRL 0060 12021888 51XX Banca Transilvania,

Tel: (+40) 263 238150, e-mail: [office@iproeb.ro](mailto:office@iproeb.ro) <https://www.iproeb.ro>



### ***c) Cash flow evolution between 2021-2023***

		2021	2022	2023
		lei	lei	lei
<b>1</b>	<b>Available at the beginning of the year</b>	<b>287,210</b>	<b>1,225,328</b>	<b>7,676,148</b>
<b>2</b>	<b>Total receipts</b>	<b>262,859,790</b>	<b>301,681,522</b>	<b>216,917,491</b>
	Of which: - from customers	169,209,021	210,543,047	216,874,175
	- from active sales	1,687,980	22,921	43,316
	- from loans	91,962,789	67,814,972	
	- from share capital increase		23,300,582	
<b>3</b>	<b>Total payments</b>	<b>(261,921,672)</b>	<b>(295,230,702)</b>	<b>(211,424,476)</b>
	Of which: - suppliers and budget	(147,938,601)	(213,677,060)	(178,826,953)
	- salaries	(21,566,925)	(21,300,091)	(22,764,781)
	- interest	(151,468)	(17,603)	(347,220)
	- loan repayments	(92,264,678)	(60,235,948)	(9,485,521)
<b>4</b>	<b>Available at the end of the year</b>	<b>1,225,328</b>	<b>7,676,148</b>	<b>13,169,163</b>

### **6. Corporate Governance**

During 2023, the Board of Directors of IPROEB S.A. met 11 times. The convening of the members of the Board and their attendance at meetings were in accordance with the legal and statutory provisions. The Chairman of the Board chaired all the board meetings in 2023. Following the debates in the board meetings, a total of 29 decisions were adopted on the current Company activity. All decisions were adopted by a majority vote of those present. All resolutions of the 29 decisions adopted by the Board of Directors of IPROEB S.A., in the period 01.01.2023 – 31.12.2023, have already been implemented or are being implemented.

### **7. Significant events after the end of the financial year**

After obtaining the Financing Agreement no. 520/11.09.2023 of the Ministry of Finance, based on GD 807/2014 for the establishment of state aid schemes aimed at stimulating investments with a major impact on the economy, the company has complied with and followed the special mentions for financing by the Ministry of Finance, within the required 6 months from obtaining the agreement.

The value of the investment project "Fundamental change of cable manufacturing processes in Iproeb S.A." is 96,423,600 lei, of which the amount of state aid approved for Iproeb S.A. is 48,211,800 lei.

The Annual Report of the Board of Directors of IPROEB S.A. for the year 2023 was approved at the Board meeting of 26 March 2024.

**Chairman of the Board,**  
Mihai Marin

DocuSigned by: [electronic signature]

**Chief Financial Officer,**  
Mihaela-Daciana Nanu

DocuSigned by: [electronic signature]

**APPENDIX TO THE ANNUAL REPORT FOR 2023 OF THE ISSUER IPROEB SA  
ISSUER'S STATEMENT ON CORPORATE GOVERNANCE IN THE AERO MARKET**

**Section A: Responsibilities of the Board of Directors**

Provisions	Complied with	Not complied with	Partially complied with
<p><b>A.1.</b> The Company must have an internal Board Policy that include terms of reference regarding the Board and the key management roles in the Company. Managing conflicts of interest at the Board level should also be addressed in the Board's rules of procedure.</p> <p><b>A.2.</b> Any other professional commitments of Board members, including executive or non-executive Board member role in other companies (excluding Company subsidiaries) and non-profit institutions, shall be disclosed to the Board prior to appointment and during the term of office.</p> <p><b>A.3.</b> Each member of the Board shall inform the Board of any relationship with a shareholder who directly or indirectly holds shares representing not less than 5% of the total number of voting rights. This obligation covers any kind of relation which may affect the position of the member concerned on matters relating to the Board decisions.</p> <p><b>A.4.</b> The annual report must state whether an evaluation of the Board has taken place under the leadership of the Chairman. It must also contain the number of Board meetings.</p> <p><b>A.5.</b> The procedure of cooperation with the Authorised Consultant for the period during which such cooperation is required by the Bucharest Stock Exchange shall contain at least the following:</p>	<p>Yes - There is a Regulation of organisation and operation of the Board of Directors</p> <p>Yes - according to the directors' mandate contracts and the affidavit</p> <p>Yes - according to the directors' mandate contracts</p> <p>Yes - The number of meetings and decisions adopted is specified.</p>	<p>No</p>	<p>We cooperated for 12 months with an authorized consultant (Confident Invest) during which time this cooperation is required by the BVB [BSE] and took place at least once a month.</p>

<b>A.5.1.</b> Contact person for the Authorised Consultant;		No	Not applicable
<b>A.5.2.</b> Frequency of meetings with the Authorised Consultant, which will be at least once a month and whenever new events or information imply the submission of current or periodic reports, so that the Authorised Consultant can be consulted.		No	N/A
<b>A.5.3.</b> The obligation to provide the Authorised Consultant with all relevant information and any information reasonably requested by the Authorised Consultant or required by the Authorised Consultant to fulfil its responsibilities.		No	N/A
<b>A.5.4.</b> The obligation to inform the Bucharest Stock Exchange about any dysfunctionality occurring in the cooperation with the Authorized Consultant, or change of the Authorized Consultant		No	N/A

### Section B: Control System

Provisions	Complied with	Not complied with	Partially complied with
<b>B.1.</b> The Board shall adopt a policy such that any transaction by the Company with a subsidiary representing 5% or more of the Company's net assets, as per the most recent financial report, shall be approved by the Board.	No subsidiary – N/A		
<b>B.2.</b> The internal audit must be carried out by a separate organisational structure (internal audit department) within the company or through the services of an independent third party, which will report to the Board and, within the company, directly to the CEO.	Yes - There is an independent external auditor elected by the OGM		

### Section C: Fair rewards and motivation

Provisions	Complied with	Not complied with	Partially complied with
<b>C.1.</b> The Company will publish in the annual report a section which will include the total income of the Board members and the CEO for the financial year concerned and the total amount of all bonuses or any variable compensation and also the key assumptions and principles for calculating the above income.	Yes		Yes, the remuneration of the Board members is approved by the OGM.



### Section D: Investor relations

<p><b>D.1.</b> The company must organise an Investor Relations service – made known to the general public by the person/persons responsible or as an organisational unit. In addition to the information required by law, the company must include on its website a dedicated Investor Relations section, in Romanian and English, with all relevant information of interest to investors, including</p>	Yes		Some information is or will be translated in English.
<p><b>D.1.1.</b> The main rules and regulations of the company, in particular the Memorandum of association and the internal rules of the statutory bodies</p>	Yes		
<p><b>D.1.2.</b> CVs of the members of the statutory bodies</p>	Yes		
<p><b>D.1.3.</b> Current reports and periodic reports</p>	Yes		
<p><b>D.1.4.</b> Information on general meetings of shareholders: agenda and related materials; resolutions of general meetings</p>	Yes		
<p><b>D.1.5.</b> Information on corporate events such as dividend payments or other events that result in the acquisition of or limitations on a shareholder's rights, including deadlines and principles of such transactions</p>	Yes		
<p><b>D.1.6.</b> Other information of an extraordinary nature that should be made public: cancellation/modification/initiation of cooperation with an Authorised Consultant, signing/renewal/termination of an agreement with a Market Marker</p>	Yes	No	N/A
<p><b>D.1.7.</b> The Company must provide an Investor Relations role and include in the Investor Relations section of the company's website the name and contact details of a person who is able to provide appropriate information on request.</p>	Yes		Gabriela-Felicia Muresan

CHAIRMAN OF THE BOARD,  
Mihai Marin

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of IPROEB S.A.

### Report on audited financial statements

#### *Opinion*

1. We have audited the accompanying individual financial statements of **IPROEB S.A.** (hereinafter referred to as the "Company"), having its registered office at Strada Drumul Cetatii, nr. 19, Bistrita, Bistrita - Nasaud County, Romania, identified by the unique registration code 566930, which comprise the Balance Sheet drawn up on 31 December 2023, the Profit and Loss account, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

2. The financial statements as of 31 December 2023 are identified as follows:

<b>Equity capital:</b>	<b>148,742,319</b>	<b>Lei</b>
<b>Net result of the financial year – profit:</b>	<b>16,976,490</b>	<b>Lei</b>

3. In our opinion, the individual financial statements hereby attached give a true and fair view of the financial position of the Company as at 31 December 2023, of its financial performance and of its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance No. 1802/2014 - on the approval of the Accounting Regulations on individual annual financial statements and consolidated annual financial statements, as amended, and with the accounting policies described in the notes to the financial statements.

#### *Opinion basis*

4. We conducted our audit in accordance with International Standards on Auditing (ISA), EU Regulation No. 537 of the European Parliament and of the European Council and Law 162/2017 on statutory audit of annual financial statements and consolidated annual financial statements and amending certain regulatory acts. Our responsibilities under these standards are described in detail in the section "*Auditor's Responsibilities in an Audit of Financial Statements*" of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (IESBA Code) in conjunction with the relevant ethical requirements for the audit of financial statements in Romania and have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other issues*

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

6. Taxation in Romania is constantly evolving. There is the possibility of different interpretations of the legal provisions by the Ministry of Finance and the local tax authorities. The Company management has recorded various taxes, penalties and duties in the accounts presented, based on the best interpretation of the tax provisions in force, an interpretation which may be challenged by a tax audit.

#### *Report on the administrator's report*

7. The directors of the Company are responsible for the preparation and presentation of the directors' report in accordance with the requirements of Order of the Minister of Public Finance [OMFP] 1802/2014 on the approval of the Accounting Regulations on the individual annual financial statements and consolidated annual financial statements, as amended, paragraphs 489 to 492, which report is free from material misstatement, and for such internal control as the management determines as being necessary to enable the preparation of the directors' report that is free from material misstatement, whether due to fraud or error. The Directors' Report presented in the Annex does not form part of the financial statements. Our opinion on the financial statements does not cover the directors' report. In connection with our audit of the financial statements, we have read the Directors' Report attached to the financial statements and report that:

a) we have not identified in the Directors' report any information that is not consistent in all material respects with the information presented in the accompanying financial statements;

b) the directors' report identified above includes, in all material respects, the information required by OMFP 1802/2014 on the approval of the Accounting Regulations on the individual annual financial statements and consolidated annual financial statements;

c) based on our knowledge and understanding of the Company and its environment acquired during our audit of the financial statements for the year ended 31 December 2023, we have not identified any information included in the Directors' report that is materially misstated.

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

**8.** The Company management is responsible for the preparation and fair presentation of these individual financial statements in accordance with the Order of the Minister of Public Finance No. 1802/2014 approving the Accounting Regulations on the individual annual financial statements and consolidated annual financial statements, as amended, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**9.** In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, where appropriate, going concern matters and using the going concern basis of accounting, unless management either intends to liquidate the Company or cease operations or has no realistic alternative but to do so.

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

#### ***The auditor's responsibilities in a financial audit***

**11.** Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement, if there is any. Misrepresentations may be caused either by fraud or error and are considered material if they could reasonably be expected to affect, individually or in the aggregate, the economic decisions of users made on the basis of these financial statements.

**12.** As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, we design and perform audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement caused by fraud is higher than the risk of not detecting a material misstatement caused by error, because fraud can involve secret understandings, forgery, intentional omissions, misrepresentation and avoidance of internal control.
- We understand the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- We conclude on the appropriateness of management's use of going concern accounting and determine, based on audit evidence obtained, whether there is a material uncertainty about events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we should draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to operate on a going concern basis.

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

On behalf of: PKF Finconta SRL

Str. Jean Louis Calderon, nr. 38, Sector 2, Bucharest

Registered with the Authority for Public Oversight of the Statutory Audit Activity under number FA32

*Seal:*

Authority for Public Oversight of the Statutory Audit Activity (ASPAAS)

Audit firm: PKF Finconta SRL

Electronic Public Register FA32

Name of financial audit partner: Florentina Susnea

Registered with the Authority for Public Oversight of the Statutory Audit Activity under number AF433

*Seal:*

Authority for Public Oversight of the Statutory Audit Activity (ASPAAS)

Financial auditor: Florentina Susnea

Electronic Public Register AF433

[Illegible signature]

Bucharest, Romania

28 March 2024

## STATEMENT

The undersigned, Marin Mihai, as Chairman of the Board of Directors and General Manager of IPROEB S.A. and Nanu Mihaela-Daciana, as Economic Director of IPROEB S.A., with registered office in Mun. Bistrita, 19 Drumul Cetății Street, Bistrita-Nasaud County, registered at the Commercial Registry Office of the Bistrita-Nasaud Court under no. J06/55/1991, with Unique Registration Code No. 566930, being aware of the provisions of Art. 326 Penal Code concerning false statements, we declare on our own responsibility the following:

- The accounting policies used in the preparation of the financial statements comply with applicable accounting regulations;
- The financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss account;
- The report of the Board of Directors contains a fair analysis of the development and performance of IPROEB S.A., as well as a description of the main risks and uncertainties specific to the activity carried out;
- IPROEB S.A. operates on a continuous basis.

**25.04.2024**

Mihai Marin – Chairman of the Board of Directors / General Manager

[Illegible signature]

Mihaela-Daciana Nanu – Chief Financial Officer

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**I PROEB S.A.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2023**

**Prepared in accordance with the Order of the Minister of Public Finance of Romania  
no. 1802/2014, as amended and supplemented**

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**I PROEB SA**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2023**  
**(all amounts are in RON, unless otherwise specified)**

No.	Row No.	Balance on 1 January 2023	Balance on 31 December 2023
<b>A FIXED ASSETS</b>			
<b>I INTANGIBLE ASSETS</b>			
1 Set-up costs (accs. 201 - 2801)	1	-	-
2 Development costs (accs. 203 - 2803 - 2903)	2	-	-
3 Concessions, patents, licences, trademarks, similar rights and assets and other intangible assets (accs. 205 + 208 - 2805 - 2808 - 2905 - 2908)	3	309,435	390,549
4 Goodwill (accs. 2071 - 2807)	4	-	-
5 Intangible assets related to exploration for and evaluation of mineral resources (accs. 206 - 2806 - 2906)	5		
6 Advances (acc. 4094)	6	-	-
<b>TOTAL (rows 01 to 06)</b>	<b>7</b>	<b>309,435</b>	<b>390,549</b>
<b>II TANGIBLE ASSETS</b>			
1 Freehold land and buildings (accs. 211 + 212 - 2811 - 2812 - 2911 - 2912)	8	33,293,759	35,101,363
2 Technical installations and machinery (accs. 213 + 223 - 2813 - 2913)	9	16,029,810	17,043,691
3 Other plant, machinery and furniture (accs. 214 + 224 - 2814 - 2914)	10	42,546	91,953
4 Investment property (accs. 215 - 2815 - 2915)	11	-	-
5 Tangible assets in progres (accs. 231 - 2931)	12	3,642,464	3,296,193
6 Real estate investments in progress (accs. 235 - 2935)	13	-	-
7 Tangible assets related to exploration for and evaluation of mineral resources (accs. 216 - 2816 - 2916)	14	-	-
8 Bearer biological assets (accs. 217 + 227 - 2817 - 2917)	15	-	-
9 Advance payments (acc. 4093)	16	1,106,066	2,416,715
<b>TOTAL (rows 08 to 16)</b>	<b>17</b>	<b>54,114,646</b>	<b>57,949,915</b>
<b>III FINANCIAL ASSETS</b>			
1 Shares held in subsidiaries (accs. 261 - 2961)	18	517,377	850,330
2 Loans granted to group entities (accs. 2671 + 2672 - 2964)	19	-	-
3 Shares held in associates and jointly controlled entities (accs. 262 + 263 - 2962)	20	-	-
4 Loans to associates and jointly controlled entities (accs. 2673 + 2674 - 2965)	21	-	-
5 Other fixed assets (accs. 265 + 266 - 2963)	22	102,402	102,402

The accompanying notes form an integral part of these financial statements.



**I PROEB SA**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2023**  
**(all amounts are in RON, unless otherwise specified)**

No.	Row No.	Balance as at 1 January 2023	Balance as at 31 December 2023
6 Other loans (accs. 2675* + 2676* + 2677 + 2678* + 2679* - 2966* - 2968*)	23		
<b>TOTAL (rows 18 to 23)</b>	<b>24</b>	<b>619,779</b>	<b>952,732</b>
<b>FIXED ASSETS - TOTAL (rows 07+17+24)</b>	<b>25</b>	<b>55,043,860</b>	<b>59,293,196</b>
<b>B CURRENT ASSETS</b>			
<b>STOCKS</b>			
1 Raw materials and consumables (accs. 301 + 302 + 303 +/- 308 +321 + 322 + 323 + 328 + 351 + 358 + 381 +/- 388 - 391 - 392 - 3951 - 3958 - 398)	26	49,321,199	22,843,850
2 Work in progress (accs. 331 + 332 +341 +/- 348* - 393 - 3941 - 3952)	27	4,260,655	8,417,803
3 Finished products and goods (accs. 327 + 345 + 346 + 347 +/- 348* + 354 + 356 + 357 + 361 + 326 +/- 368 + 371 +/- 378 - 3945 - 3946 - 3947 - 3953 - 3954 - 3955 - 3956 - 3957 - 396 - 397 – from acc. 4428)	28	8,774,347	11,209,054
4 Advances (acc. 4091)	29	458,429	943,092
<b>TOTAL (rows 26 to 29)</b>	<b>30</b>	<b>62,814,630</b>	<b>43,413,799</b>
<b>II RECEIVABLES</b> (amounts to be collected after more than one year must be shown separately for each item)		37,511,122	47,514,755
1 Trade receivables (accs. 2675* + 2676* + 2678* + 2679* - 2966* - 2968 + 4092 + 411 + 413 + 418 - 491)	31		
2 Receivable from affiliates (accs. 451** - 495*)	32	-	-
3 Receivables from associates and jointly controlled entities (accs. 453 - 495*)	33		
4 Other receivables (accs. 425 + 4282 + 431** + 437** + 4382 + 441** + 4424 + from accs. 4428** + 444** + 445 + 446 ** + 447** + 4482 + 4582 + 4662 + 461 + 473** - 496 + 5187)	34	2,562,934	584,966
5 Subscribed and unpaid capital (accs. 456 - 495*)	35	-	-
<b>TOTAL (rows 31 to 35)</b>	<b>36</b>	<b>40,074,056</b>	<b>48,099,721</b>

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2023**

(all amounts are in RON, unless otherwise specified)

No.	Row No.	Balance as at 1 January 2023	Balance as at 31 December 2023
<b>III SHORT-TERM INVESTMENTS</b>			
<b>1</b> Shares held in affiliated entities (accs. 501 - 591)	<b>37</b>	-	-
<b>2</b> Other short-term investments (accs. 505 + 506 + 507 + of accs. 508 - 595 - 596 - 598 + 5113 + 5114)	<b>38</b>	-	-
<b>TOTAL (rows 37 + 38)</b>	<b>39</b>	-	-
<b>IV CASH AND ACCOUNTS WITH BANKS</b> (from acc. 508 + accs. 5112 + 512 + 531 + 532 + 541 + 542)	<b>40</b>	7,676,148	13,169,163
<b>CURRENT ASSETS – TOTAL (rows 30+36+39+40)</b>	<b>41</b>	<b>110,564,834</b>	<b>104,682,682</b>
<b>C ACCRUED EXPENSES (acc. 471) (rows 43 + 44)</b>	<b>42</b>	<b>162,223</b>	<b>184,083</b>
Amounts to be reused within one year (from acc. 471)	<b>43</b>	162,223	184,083
Amounts to be reused over a period of more than one year (from acc. 471)	<b>44</b>	-	-
<b>D DEBTS: AMOUNTS PAYABLE WITHIN LESS THAN ONE YEAR</b>			
<b>1</b> Loans from bond issues, showing separately the loans from convertible bond issuance (accs. 161 +1681 - 169)	<b>45</b>	-	-
<b>2</b> Amounts owed to credit institutions (accs. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	<b>46</b>	9,525,834	-
<b>3</b> Advances received on orders (acc. 419)	<b>47</b>	878,216	959,630
<b>4</b> Trade payables – suppliers (accs. 401 + 404 + 408)	<b>48</b>	17,654,132	8,217,559
<b>5</b> Commercial papers payable (accs. 403 + 405)	<b>49</b>	28,257	204,184
<b>6</b> Amounts due to group entities (accs. 1661 + 1685 + 2691 + 451***)	<b>50</b>	-	-
<b>7</b> Amounts due to associated and jointly controlled entities (accs. 1663 + 1686 + 2692 + 2693 + 453***)	<b>51</b>	-	-
<b>8</b> Other debts, including tax debts and social security debts for social insurance (accs. 1623 + 1626 + 167 + 1687 + 2695 + 421 + 423 + 424 + 426 + 427 + 4281 + 431*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 457 + 4581 + 462 + 4661 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 +5196 + 5197)	<b>52</b>	3,692,854	3,630,832
<b>TOTAL (rows 45 to 52)</b>	<b>53</b>	<b>31,779,293</b>	<b>13,012,205</b>

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2023**  
(all amounts are in RON, unless otherwise specified)

No.	Row No.	Balance as at 1 January 2023	Balance as at 31 December 2023
<b>E NET CURRENT ASSETS / NET CURRENT LIABILITIES</b> (rows 41 + 43 - 53 - 70 - 73 - 76)	<b>54</b>	<b>78,947,763</b>	<b>91,854,561</b>
<b>F TOTAL ASSETS LESS CURRENT LIABILITIES (rows 25 + 44 + 54)</b>	<b>55</b>	<b>133,991,623</b>	<b>151,147,756</b>
<b>G DEBTS: AMOUNTS PAYABLE WITHIN MORE THAN ONE YEAR</b>			
<b>1</b> Loans from bond issues, showing separately loans from convertible bond issuance (accs. 161 + 1681 - 169)	<b>56</b>	-	-
<b>2</b> Amounts owed to credit institutions (accs. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	<b>57</b>		
<b>3</b> Advances received on orders (acc. 419)	<b>58</b>	-	-
<b>4</b> Trade payables – suppliers (accs. 401+404+408)	<b>59</b>	-	-
<b>5</b> Commercial papers payable (accs. 403 + 405)	<b>60</b>	-	-
<b>6</b> Amounts due to group entities (accs. 1661 + 1685 + 2961 + 451***)	<b>61</b>		
<b>7</b> Amounts due to associated and jointly controlled entities (accs. 1663 + 1686 + 2692 + 2693 + 453***)	<b>62</b>		
<b>8</b> Other debts, including tax debts and social security debts for social insurance (accs. 1623 + 1626 + 167 + 1687 + 2695 + 421 + 423 + 424 + 426 + 427 + 4281 + 431*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 4581 + 462 + 4661 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	<b>63</b>	266,291	169,099
<b>TOTAL (rows 56 to 63)</b>	<b>64</b>	<b>266,291</b>	<b>169,099</b>
<b>H PROVISIONS</b>			
<b>1</b> Provisions for employee benefits (accs. 1515 + 1517)	<b>65</b>	899,520	1,090,336
<b>2</b> Provisions for taxes (acc. 1516)	<b>66</b>	-	
<b>3</b> Other provisions (accs. 1511 + 1512 + 1513 + 1514 + 1518)	<b>67</b>	1,059,983	1,146,002
<b>TOTAL (rows 65 to 67)</b>	<b>68</b>	<b>1,959,503</b>	<b>2,236,339</b>

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2023**  
(all amounts are in RON, unless otherwise specified)

No.	Row No.	Balance as at 1 January 2023	Balance as at 31 December 2023
<b>I DEFERRED INCOME</b>			
<b>1 Investment subsidies (acc. 475) (rows 70 + 71)</b>	<b>69</b>	-	-
Carried-forward amounts within one year (from acc. 475*)	<b>70</b>	-	-
Carried-forward amounts within more than one year (from acc. 475*)	<b>71</b>	-	-
<b>2 Deferred income (acc. 472) - total (rows 73 + 74), of which:</b>	<b>72</b>	-	-
Carried-forward amounts within one year (acc. 472*)	<b>73</b>	-	-
Carried-forward amounts within more than one year (acc. 472*)	<b>74</b>	-	-
<b>3 Deferred income related to the assets received by transfer from customers (acc. 478) (rows 76 + 77)</b>	<b>75</b>	-	-
Amounts carried forward within one year (from acc. 478*)	<b>76</b>	-	-
Amounts carried forward within more than one year (from acc. 478*)	<b>77</b>	-	-
Negative goodwill (acc. 2075)	<b>78</b>	-	-
<b>TOTAL (rows 69 + 72 + 75 + 78)</b>	<b>79</b>	-	-
<b>J CAPITAL AND RESERVES</b>			
<b>I CAPITAL</b>			
<b>1 Paid-in subscribed capital (acc. 1012)</b>	<b>80</b>	37,572,221	37,572,221
<b>2 Subscribed not paid in capital (acc. 1011)</b>	<b>81</b>	-	-
<b>3 Patrimony (autonomous companies) (acc. 1015)</b>	<b>82</b>	-	-
<b>4 Patrimony of national research and development institutes (acc. 1018)</b>	<b>83</b>	-	-
<b>5 Other equity items (acc. 1031)</b>	<b>84</b>	-	-
		<b>37,572,221</b>	<b>37,572,221</b>
<b>TOTAL (rows 80 +81 + 82 + 83 + 84)</b>	<b>85</b>		
<b>II PREMIUM RELATED TO CAPITAL (acc. 104)</b>	<b>86</b>		
<b>III REVALUATION RESERVE (acc. 105)</b>	<b>87</b>	25,472,941	25,472,941
<b>IV RESERVES</b>			
<b>1 Legal reserve (acc. 1061)</b>	<b>88</b>	4,069,381	4,069,381
<b>2 Statutory or contractual capital reserve (acc. 1063)</b>	<b>89</b>	-	-
<b>3 Other reserves (acc. 1068)</b>	<b>90</b>	40,569,156	41,190,011
<b>TOTAL (rows 88 to 90)</b>	<b>91</b>	<b>44,638,537</b>	<b>45,259,392</b>

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2023**  
**(all amounts are in RON, unless otherwise specified)**

No.	Row No.	Balance as at 1 January 2023	Balance as at 31 December 2023
Own shares (acc. 109)	92	-	-
Gains related to equity instruments (acc. 141)	93	-	-
Losses related to equity instruments (acc. 149)	94	-	-
<b>V RETAINED PROFIT OR LOSS (acc. 117)</b>			
- Balance C	95	5,800,161	24,082,130
- Balance D	96		
<b>VI PROFIT OR LOSS FOR THE PERIOD (acc. 121)</b>	97	21,527,298	16,976,490
- Balance C			
- Balance D	98	-	-
Profit appropriation (acc. 129)	99	3,245,328	620,855
<b>OWN CAPITAL - TOTAL (rows 85+86+87+91-92+93-94+95-96+97-98-99)</b>	<b>100</b>	<b>131,765,829</b>	<b>148,742,319</b>
Public assets (acc. 1016)	101	-	-
Private assets (acc. 1017)	102	-	-
<b>CAPITALS - TOTAL (rows 100+101+102)</b>	<b>103</b>	<b>131,765,829</b>	<b>148,742,319</b>

General Manager

Mihai Marin

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Financial Manager

Daciana Nanu

DocuSigned by: [electronic signature]

**I PROEB SA.**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

No.	Row No.	Financial year ending 31 December 2022	Financial year ending 31 December 2023
<b>1 Net turnover (rows 02 + 03 - 04 + 05 + 06)</b>	<b>1</b>	<b>181,226,388</b>	<b>190,725,384</b>
Sold production (accs. 701 + 702 + 703 + 704 + 705 + 706 + 708)	2	181,035,160	190,821,864
Sale of goods purchased for resale (acc. 707)	3	291,747	215,370
Trade discounts offered (acc. 709)	4	100,519	311,851
Interest income recorded by entities deleted from the General Register with outstanding leasing contracts (acc. 766*)	5	-	-
Subsidies related to the turnover (acc. 7411)	6	-	-
<b>2 Revenues associated with the cost of work in progress (accs. 711 + 712)</b>			
- Balance C	7		1,259,020
- Balance D	8	451,022	
<b>3 Capitalised costs of intangible and tangible non-current assets (accs. 721 + 722)</b>	<b>9</b>	<b>1,015,789</b>	<b>995,965</b>
<b>4 Revenues from tangible assets revaluation (acc. 755)</b>	<b>10</b>	-	-
<b>5 Revenues from real estate investments (acct. 725)</b>	<b>11</b>	-	-
<b>6 Revenues from operating subsidies (accs. 7412 + 7413 + 7414 + 7415 + 7416 + 7417 + 7419)</b>	<b>12</b>	-	-
<b>7 Other operating revenues (accs. 751 + 758 + 7815)</b>	<b>13</b>	<b>209,469</b>	<b>771,098</b>
- of which, income from negative goodwill (acc. 7815)	14		
- of which, investment grant income (acc. 7584)	15		
<b>OPERATING REVENUES - TOTAL (rows 01+07-08+09+10+11+12+13)</b>	<b>16</b>	<b>182,000,624</b>	<b>193,751,466</b>
<b>8 a) Raw materials and consumables (accs. 601 + 602)</b>	<b>17</b>	<b>118,377,949</b>	<b>115,243,879</b>
Other material expenses (accs. 603 + 604 + 606 + 608)	18	847,600	11,705,274
<b>b) Other external costs (electricity, heating and water) (acc. 605)</b>	<b>19</b>	<b>5,164,787</b>	<b>5,281,711</b>
<b>c) Expenditure on goods (acc. 607)</b>	<b>20</b>	<b>288,690</b>	<b>179,853</b>
Trade discounts received (acc. 609)	21	275,830	51,248

**I PROEB SA.**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

No.	Row No.	Financial year ending 31 December 2022	Financial year ending 31 December 2023
<b>9 Personnel expenses (rows 23+24)</b>	<b>22</b>	<b>21,623,215</b>	<b>24,172,625</b>
a) Wages and allowances (accs. 641 + 642 + 643 + 644)	<b>23</b>	20,525,446	22,855,581
b) Insurance and social protection expenses (acc. 645)	<b>24</b>	1,097,769	1,317,044
<b>10 a) Value adjustments relative to tangible and intangible fixed assets (rows 26-27)</b>	<b>25</b>	<b>2,648,077</b>	<b>3,459,633</b>
a.1) Depreciation of non current assets (acc. 6811)	<b>26a</b>	2,716,580	3,460,581
a.2) Expense (accs. <del>6811</del> + 6813 + 6817 + from acc. 6818)	<b>26</b>	-	378,060
a. 3) Revenues (acc. 7813)	<b>27</b>	68,503	379,008
<b>b) Value adjustments relative to current assets (rows 29-30)</b>	<b>28</b>	<b>(1,098,403)</b>	<b>1,394,095</b>
b. 1) Expense (accs. 654 + 6814)	<b>29</b>	1,183,779	1,929,627
b. 2) Revenues (accs. 754 + 7814)	<b>30</b>	2,282,183	535,532
<b>11 Other operating expenses (rows 32 to 38)</b>	<b>31</b>	<b>10,334,173</b>	<b>13,048,147</b>
11.1. Expenses related to external performances (accs. 611 + <del>612</del> + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	<b>32</b>	8,522,534	10,727,953
11.2. Expenses related to royalties, management premises and rents (acc. 612), of which:	<b>33</b>	201,390	905,285
- royalties (acc. 6121)	<b>33a</b>	-	-
- management premises (acc. 6122)	<b>33b</b>	-	-
- rents (acc. 6123)	<b>33c</b>	201,390	905,285
11.3. Expenses related to intellectual property rights (acc. 616), of which:	<b>33d</b>	-	-
- expenses with affiliated entities	<b>33e</b>	-	-
11.4. Management expenses (acc. 617), of which	<b>33f</b>	-	-
- expenses with affiliated entities	<b>33g</b>	-	-
11.5. Consultancy costs (acc. 618), of which	<b>33 h</b>	303,236	310,584
- expenses with affiliated entities	<b>33i</b>	-	-
11.6. Other taxes, duties and similar charges; transfers and contributions payable under special legal acts (accs. 635 + 6586*)	<b>33j</b>	737,009	689,691
11.7. Environmental protection expenses (acc. 652)	<b>34</b>	115,617	88,928
11.8. Tangible asset revaluation expenses (acc. 655)	<b>35</b>	-	-
11.9. Natural disasters and similar events expenses (acc. 6587)	<b>36</b>	-	-
11.10. Other expenses (accs. 651 + 6581 + 6582 + 6583 + 6588)	<b>37</b>	454,387	325,706
Refinancing interest expense incurred by deregistered entities with ongoing leasing contracts (acc. 666*)	<b>38</b>	-	-
<b>Adjustments on provisions (rows 40-41)</b>	<b>39</b>	<b>78,886</b>	<b>276,836</b>
- Expenses (acc. 6812)	<b>40</b>	4,659,426	8,991,946
- Revenues (acc. 7812)	<b>41</b>	4,580,540	8,715,110
<b>OPERATING EXPENSES - TOTAL (rows 17 to 20-21+22+25+28+31+39)</b>	<b>42</b>	<b>157,989,142</b>	<b>174,710,807</b>

The accompanying notes form an integral part of these financial statements.

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**I PROEB SA.**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

No.	Row No.	Financial year ending 31 December 2022	Financial year ending 31 December 2023
<b>OPERATING PROFIT OR LOSS</b>			
- Profit (rows 16 - 42)	<b>43</b>	<b>24,011,482</b>	<b>19,040,660</b>
- Loss (rows 42 - 16)	<b>44</b>		
<b>12</b> Revenues from participating interests (accs. 7611 + 7612 + 7613)	<b>45</b>	-	-
- of which, revenues from affiliated entities	<b>46</b>	-	-
<b>13</b> Interest income (acc. 766)	<b>47</b>	200,822	856,779
- of which, income from affiliated entities	<b>48</b>	-	
<b>14</b> Subsidies related to interest payable (acc. 7418)	<b>49</b>	-	-
<b>15</b> Other financial revenues (accs. 7615 + 762 + 764 + 765 + 767 + 768)	<b>50</b>	1,087,097	471,741
- of which, revenues from financial fixed assets (acc. 7615)	<b>51</b>		
<b>FINANCIAL REVENUES - TOTAL (rows 45+47+49 + 50)</b>	<b>52</b>	<b>1,287,919</b>	<b>1,328,520</b>
<b>16</b> Value adjustments on financial fixed assets and investments held as current assets (rows 54-55)	<b>53</b>	<b>5,405</b>	
- Expenses (acc. 686)	<b>54</b>	6,830	-
- Revenues (acc. 786)	<b>55</b>	1,425	-
<b>17</b> Interest expense (acc. 666*)	<b>56</b>	288,523	370,077
- of which, expenses in relation to affiliated entities	<b>57</b>	-	
Other financial expenses (accs. 663 + 664 + 665 + 667 + 668)	<b>58</b>	1,255,535	584,212
<b>FINANCIAL EXPENSES - TOTAL (rows 53+56+58)</b>	<b>59</b>	<b>1,549,463</b>	<b>954,290</b>
<b>FINANCIAL PROFIT OR LOSS</b>			
- Profit (rows 52-59)	<b>60</b>		<b>374,230</b>
- Loss (rows 59-52)	<b>61</b>	<b>261,544</b>	-
<b>TOTAL REVENUES (rows 16 + 52)</b>	<b>62</b>	<b>183,288,543</b>	<b>195,079,987</b>
<b>TOTAL EXPENSES (rows 42 + 59)</b>	<b>63</b>	<b>159,538,605</b>	<b>175,665,096</b>



The accompanying notes form an integral part of these financial statements.

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**I PROEB SA.**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

<b>No.</b>	<b>Row No.</b>	<b>Financial year ending 31 December 2022</b>	<b>Financial year ending 31 December 2023</b>
<b>18 GROSS PROFIT OR LOSS</b>			
- Profit (rows 62 - 63)	<b>64</b>	<b>23,749,938</b>	<b>19,414,890</b>
- Loss (rows 63 - 62)	<b>65</b>	-	-
<b>19 INCOME TAX (acc. 691)</b>	<b>66</b>	2,222,641	2,438,400
<b>20 Other taxes not included above (acc. 698)</b>	<b>67</b>	-	-
<b>21 NET PROFIT OR LOSS FOR THE REPORTING PERIOD</b>			
- Profit (rows 64 - 66 - 67)			
- Loss (rows 65 + 66 + 67)	<b>68</b>	<b>21,527,297</b>	<b>16,976,490</b>
(rows 66 + 67 - 64)	<b>69</b>		

General Manager

Mihai Marin

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Financial Manager

Daciana Nanu

DocuSigned by: [electronic signature]

The accompanying notes form an integral part of these financial statements.

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**I PROEB SA**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

Item name	31 Dec. 22	31 Dec. 23
<b><i>Cash flows from operating activities:</i></b>		
Net profit	21,527,297	16,976,489
Adjustments for:		
Depreciation and value adjustments related to fixed assets	2,648,077	3,459,633
Value adjustments on current assets and current liabilities	(1,098,403)	1,394,095
Movements in other provisions	78,886	276,836
Interest expense	288,523	370,077
Interest income	200,822	856,779
Loss/(profit) on sale of property, plant and equipment	(18,204)	242,143
Rate differences	-	-
Income tax expenses	2,222,641	2,438,400
Other monetary adjustments	-	-
<b>Operating profit before changes in working capital</b>	<b>25,849,639</b>	<b>26,014,454</b>
Decrease/(Increase) in trade and other receivables	(1,038,787)	(8,961,703)
Decrease / (Increase) in stocks	(33,700,357)	17,965,838
(Decrease/(Increase) in trade and other payables	(7,092,788)	(8,816,687)
Income tax paid	(3,268,004)	(1,816,277)
<b>Net cash from operating activities</b>	<b>(19,250,297)</b>	<b>24,385,625</b>
<b><i>Cash flows from investing activities:</i></b>		
Payments for the purchase of tangible assets	(4,573,024)	(7,952,245)
Payments for the acquisition of intangible assets	(243,016)	(81,114)
Proceeds from the sale of tangible and intangible assets	97,903	36,400
Purchases of equity, other financial fixed assets	-	-
Loans granted	-	-
Payments for the purchase of shares	-	-
Interest received	(200,822)	(856,779)
<b>Net cash from investing activities</b>	<b>(4,918,960)</b>	<b>(8,853,738)</b>
<b><i>Cash flows from financing activities:</i></b>		
Loans received	-	-
Loans received/(repaid) - change in credit line	7,739,555	(9,525,834)

The accompanying notes form an integral part of these financial statements.

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**I PROEB SA**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

Interest on the loan	-	-
Capital increase	23,300,582	
Payment of finance lease debts	(131,685)	(142,961)
Dividends paid	-	-
Interest paid	(288,523)	(370,077)
<b>Net cash flow from financing activities</b>	<b>30,619,929</b>	<b>(10,038,873)</b>
<b>Net decrease/increase in cash and cash equivalents</b>	<b>6,450,672</b>	<b>5,493,015</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>1,225,476</b>	<b>7,676,148</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7,676,148</b>	<b>13,169,163</b>

General Manager

Mihai Marin

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Financial Manager

Daciana Nanu

DocuSigned by: [electronic signature]

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

Equity element	Balance as at 1 January 2022	Increases		Reductions		Balance as at 31 December 2022
		Total, from which	via transfer	Total, from which	by transfer	
Subscribed capital	14,271,639	23,300,582				37,572,221
State-owned equity plus assets	-	-	-	-	-	-
Public assets	-	-	-	-	-	-
Other equity items	-	-	-	-	-	-
Employee benefits in the form of equity instruments	-	-	-	-	-	-
Capital premium	-	-	-	-	-	-
Revaluation reserves	25,472,941					25,472,941
Legal reserves	2,881,884	1,187,497	1,187,497			4,069,381
Statutory or contractual reserves	-	-	-	-	-	-
Reserves representing the surplus realised from reassessment	-	-	-	-	-	-
Other reserves	38,757,817	1,811,339	1,811,339			40,569,156
Own shares	-	-	-	-	-	-
Gains related to equity instruments	-	-	-	-	-	-
Losses related to equity instruments	-	-	-	-	-	-
Retained earnings representing undistributed profit or not covered loss	2,988,674	3,862,362	3,862,362	307,692		6,543,344
Retained earnings from the first-time adoption of the IAS, except for IAS 29	-	-	-	-	-	-
Retained earnings from changes in accounting policies	-	-	-	-	-	-
Retained earnings from correction of accounting errors	(743,183)	-	-	-	-	(743,183)
Retained earnings representing the surplus realised on reserves from revaluation	-	-	-	-	-	-
Retained earnings from the moving towards the implementation of Accounting rules in line with Directive IV of European Economic Communities	-	-	-	-	-	-
Profit or loss for the financial year	3,862,362	21,527,297		3,862,362	3,862,362	21,527,297
Profit sharing	(246,492)	(2,998,836)	(2,998,836)			(3,245,328)
<b>TOTAL</b>	<b>87,245,642</b>	<b>48,690,241</b>	<b>3,862,362</b>	<b>4,170,054</b>	<b>3,862,362</b>	<b>131,765,829</b>

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

Equity element	Balance as at 1 January 2023	Increases		Reductions		Balance as at 31 December 2023
		Total, of which	via transfer	Total, of which	via transfer	
Subscribed capital	37,572,221					37,572,221
State-owned equity plus assets	-	-	-	-	-	-
Public assets	-	-	-	-	-	-
Other equity items	-	-	-	-	-	-
Employee benefits in the form of equity instruments	-	-	-	-	-	-
Capital premium	-	-	-	-	-	-
Revaluation reserves	25,472,941					25,472,941
Legal reserves	4,069,381					4,069,381
Statutory or contractual reserves	-	-	-	-	-	-
Reserves representing the surplus realised from reassessment						
Other reserves	40,569,156	620,855	620,855			41,190,011
Own shares	-	-	-	-	-	-
Gains related to equity instruments	-	-	-	-	-	-
Losses related to equity instruments	-	-	-	-	-	-
Retained earnings representing undistributed profit or not covered loss	6,543,344	18,281,969	18,281,969			24,825,313
Retained earnings from the first-time adoption of the IAS, except for IAS 29	-	-	-	-	-	-
Retained earnings from changes in accounting policies						(743,183)
Retained earnings from correction of accounting errors	(743,183)	-	-	-	-	-
Retained earnings representing the surplus realised on reserves from revaluation	-	-	-	-	-	-
Retained earnings from the moving towards the implementation of Accounting rules in line with Directive IV of European Economic Communities						
Profit or loss for the financial year	21,527,297	16,976,490		21,527,298	21,527,298	16,976,490
Profit sharing	(3,245,328)	620,855	620,855	(3,245,328)	(3,245,328)	(620,855)
<b>TOTAL</b>	<b>131,765,829</b>	<b>35,500,169</b>	<b>19,523,679</b>	<b>18,281,970</b>	<b>18,281,970</b>	<b>148,742,319</b>

General Manager

Mihai Marin

DocuSigned by: [electronic signature]

The accompanying notes form an integral part of these financial statements.

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Financial Manager

Daciana Nanu

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**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

**1. COMPANY PRESENTATION**

I PROEB S.A. is an open joint-stock company, established in 1991, with its registered office in Bistrita, str. Drumul Cetatii, nr. 19, Bistrita-Nasaud county, Romania. The company is registered with the Trade Register under number J06/55/1991.

The company's principal business activity according to the NACE classification code is 2732 'Manufacture of other electronic and electric wires and cables'.

The company trades shares on the BVB-ATS-AeRO market.

As of 31.12.2023, the Company has no open subsidiaries/branches.

I PROEB SA's line of business includes the production and marketing of aluminium, steel-aluminium and galvanised steel conductors, traction cables; cables and conductors made of copper and aluminium with PVC, rubber and polyethylene insulation; electro-insulating materials; composite insulators; automation means and various electrical equipment.

The company provides services for both domestic and international clients.

**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

## **2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS**

### **2.1. Basis of preparing financial statements**

These financial statements are the responsibility of the Company's management and have been prepared in accordance with the requirements of Romanian accounting standards, namely Accounting Law no. 82/1991, republished and Order of the Minister of Public Finance ("OMF") no. 1802/2014, as amended.

These regulations partially transpose the provisions of Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, published in the Official Journal of the European Union No. L 182 of 29 June 2013.

OMF No. 1802/2014 as amended is harmonised with European Directives IV and VII and differs from International Financial Reporting Standards. As a result, these financial statements are not consistent with International Financial Reporting Standards.

These financial statements, prepared in accordance with OMF No. 1802/2014 as amended, must not be used by third parties or by users of the financial statements who are not familiar with OMF No. 1802/2014 applicable in Romania.

The company belongs to the category of large entities.

The financial statements are the company's own and do not belong to a group.

The accounting entries on which these financial statements are based are made in lei ("RON") at historical cost, except where fair value has been used, in accordance with the Company's accounting policies and with OMF 1802/2014 as amended.

**1) Principle of business continuity.** The company operates on a going concern basis. This principle assumes that the entity continues as a going concern without going into liquidation or significant downsizing.

**2) Principle of permanence of methods.** The accounting policies and valuation methods have been applied consistently from one financial year to the next.

**3) The principle of prudence.** In preparing the annual financial statements, recognition and measurement have been made on a prudent basis and, in particular:

- a) only the profit realised at the balance sheet date is included in the profit and loss account;
- b) liabilities arising during the current or a previous financial year are recognised, even if they become apparent only between the balance sheet date and the date of preparation;

The accompanying notes form an integral part of these financial statements.



**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

**2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

(c) impairment losses are recognised, regardless of whether the result for the financial year is profit or loss. The recording of adjustments for impairment or loss of value shall be made to the expense accounts, irrespective of their impact on the profit and loss account.

All foreseeable liabilities and potential losses arising during the financial year in question or during a previous financial year are recognised, even if they become apparent only between the balance sheet date and the date of preparation of the balance sheet.

**4) Accrual accounting principle.** The effects of transactions and other events are recognised when the transactions and events occur (rather than as cash or cash equivalents are received or paid) and are recorded in the accounts and reported in the financial statements of the related periods.

**5) Principle of intangibility.**

- (1) The opening balance sheet for each financial year must correspond to the closing balance sheet of the previous financial year.
- (2) in the case of changes in accounting policies and correction of prior period errors, the balance sheet for the period prior to the reporting period shall not be changed.
- (3) the recognition in retained earnings of the correction of material prior period errors and changes in accounting policies is not considered a breach of the principle of intangibility

**6) The principle of separate valuation of assets and liabilities.** Asset and liability components are valued separately.

**7) The principle of non-compensation.** Any netting between assets and liabilities or between income and expenditure items is prohibited. Any offsetting between receivables and payables due from the same entity made in accordance with the legal provisions may be recorded only after the corresponding receivables and revenues, and payables and expenses, have been entered in the accounts.

In the above situation, the gross amount of receivables and payables that have been offset is disclosed in the explanatory notes.

In the case of an exchange of assets, the sale/take off and the purchase/entry in the accounts operation shall be recorded separately in the accounts, on the basis of supporting documents, with the recording of all income and expenditure relating to the operations. The accounting treatment is also similar for mutual services.

**8) Accounting for and presentation of items in the balance sheet and income statement taking into account the economic substance of the transaction or commitment in question.** Compliance with this principle is aimed at recording in the accounts and presenting economic and financial operations accurately, in accordance with economic reality, highlighting the rights and obligations as well as the risks associated with these operations.

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

**2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)**

Economic and financial events and operations must be recorded in the accounts as they occur, on the basis of supporting documents. The supporting documents underlying the entry of economic and financial operations in the accounts must accurately reflect the way in which they occur, i.e. be consistent with reality. Contracts concluded between the parties must also stipulate how operations are to be carried out and comply with the existing legal framework. Entities are required to take account of all available information when drawing up supporting documents and accounting for economic and financial transactions, so that it is extremely rare for the economic nature of the transaction to differ from the legal form of the underlying documents.

**9) Principle of measurement at acquisition cost or production cost.** Items presented in the financial statements are usually valued on the basis of the purchase or production cost principle. Cases where purchase cost or production cost is not used are shown separately.

**10) Threshold of significance principle.** The company may deviate from the requirements contained in these disclosure and publication regulations where the effects of compliance are immaterial.

**2.2. Key accounting policies**

*Reporting currency*

The accounts are kept in Romanian and in national currency ("RON"). The accounting for foreign currency transactions is kept both in national currency and in foreign currency. The items included in these statements are presented in Romanian lei.

*Comparative situations*

In order to ensure the comparability of the information contained in the financial statements for the financial year ended 31 December 2023, the information reported in the column corresponding to the previous financial year was determined taking into account, on the one hand, the general chart of accounts contained in the accounting regulations approved by OMF 1802/2014 with subsequent amendments and additions and, on the other hand, the need to report indicators comparable in significance with those reported in the column corresponding to the reporting year (financial year 2022), as specified by the Order of the Minister of Public Finance No 5394/2023.

The preparation of financial statements in conformity with OMF 1802/2014 as amended requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimated. These estimates are reviewed periodically and, if adjustments are necessary, they are recognised in the income statement in the period in which they become known.

*Business continuity*

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue in business for the foreseeable future. To assess the applicability of this presumption, the management reviews forecasts of future cash inflows. Based on these analyses, the directors believe that the Company will be able to continue in business for the foreseeable future and therefore the application of the going concern basis in the preparation of the financial statements is justified.

As of 31 December 2023, the Company recorded a net profit of 16,976,490 lei (31 December 2022: 21,527,297 lei), with net current assets of 91,854,561 lei (31 December 2022: 78,947,763 lei).

The net assets of the Company amount to 148,742,319 lei (31 December 2022: 131,765,829 lei).

*Currency conversions*

Transactions in foreign currency are initially recorded at the exchange rate communicated by the National Bank of Romania on the transaction date.

At the balance sheet date, monetary items denominated in foreign currency and receivables and payables denominated in lei settled at the exchange rate of a currency are evaluated and presented in the annual financial statements at the exchange rate communicated by the National Bank of Romania, valid at the end of the financial year.

Realized and unrealized gains and losses from exchange rate differences between the exchange rate of the foreign exchange market, communicated by the National Bank of Romania as of the date of recording of claims or debts in foreign currency and those denominated in lei, which are settled according to the exchange rate of a currency or the

The accompanying notes form an integral part of these financial statements.

**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

rate at which they are recorded in the books and exchange rates at the end of the financial year are recorded in the profit and loss account for that financial year.

Non-monetary items purchased with payment in foreign currency and recorded at historical cost (fixed assets, inventories) are presented in the annual financial statements using the exchange rate at the date of the transaction. Non-monetary items acquired for cash and recorded at fair value (e.g. revalued property, plant and equipment) are presented in the annual financial statements at that value.

The RON/USD and RON/EUR exchange rates communicated by the National Bank of Romania on 31 December 2023 and 31 December 2022 were as follows:

Currency	31.12.2023	31.12.2022
RON/USD	4.4958	4.6346
RON/EUR	4.9746	4.9474

*Intangible assets*

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

*Research and development expenditure*

Research expenditure (or expenditure in the research phase of an internal project) is recognised as an expense when incurred.

Development expenditure (or expenditure in the development phase of an internal project) is recognised as an intangible asset only if an entity can demonstrate all of the following:

- (a) the technical feasibility of completing the intangible asset so that it is available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output generated by the intangible asset or for the intangible asset itself or, if it is intended to be used internally, the usefulness of the intangible asset;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development

*Concessions, patents, licences, trademarks, similar rights and assets*

Concessions, patents, licences, trademarks, rights and similar assets are recorded in the intangible asset accounts at their contribution value or acquisition cost, as appropriate. In this situation the contribution value is assimilated to the fair value.

Concessions received are reflected as intangible assets when the concession contract establishes a fixed term and value for the concession. Depreciation of the concession is to be calculated using the straight-line method and to be recorded over the period of use of the concession, determined in accordance with the contract.

Patents, licenses, trademarks, rights and similar assets are depreciated by using the straight-line method over the contract period or the useful life, as appropriate, as described below:

Type	Years
Licences	3
Other intangible assets	10

*Other intangible assets*

Software acquisition costs are capitalised and depreciated on a straight-line basis over the three-year useful life.

*Tangible assets*

*Cost / Valuation*

The initial cost of tangible fixed assets acquired consists of the purchase price, including import duties or non-recoverable purchase taxes, transport, handling, commission, notary fees, licencing and other non-recoverable expenses directly attributable to the tangible fixed asset and any direct costs related to bringing the asset to its operating location and condition. Trade discounts received subsequent to the invoicing of identifiable tangible and intangible fixed assets represent prepaid income (account 475 "Investment subsidies") and are reversed to the profit and loss account over the remaining life of the assets concerned. Trade discounts received subsequent to the invoicing of tangible and intangible fixed assets which cannot be identified represent income for the period (account 758 "Other operating income"). Trade discounts entered on the purchase invoice which fully cover the value of the fixed assets

The accompanying notes form an integral part of these financial statements.

**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

purchased are entered in the accounts at fair value, by reason of revenue in advance (account 475 "Investment subsidies"), the revenue in advance relating to these fixed assets being resumed in the profit and loss account over the life of the fixed assets concerned.

The cost of a self-constructed item of property, plant and equipment is determined using the same principles as for a purchased asset. Thus, if the entity produces similar assets for sale in normal transactions, then the cost of the asset is usually the same as the cost of constructing that asset for sale. Therefore, any internal profits are eliminated from the calculation of the cost of this asset. Similarly, costs with rejects, labour or other resources beyond the limits accepted as normal, and losses arising during the self-construction of the asset are not included in the cost of the asset. Borrowing costs attributable to long-lived assets (defined as assets that necessarily take a substantial period of time, i.e. more than one year, to get ready for their intended use or sale) are included in their production costs to the extent that they relate to the production period. Borrowing costs include interest on capital borrowed to finance the acquisition, construction or production of long-cycle assets. The foreign exchange expense is the expense for the period. The initial cost of an item of property, plant and equipment may also include the initial estimated costs of dismantling and moving it on derecognition and restoring the site on which the item of property, plant and equipment is located, where these amounts can be reliably estimated and the Company has an obligation to dismantle, move the item of property, plant and equipment and restore the site. Estimated costs of dismantling and moving property, plant and equipment and site restoration are recognised in the value of the fixed asset, corresponding to a provision account.

Where a building is demolished in order to construct another, demolition costs and expenditure representing the undepreciated value of the demolished building or the cost of the asset concerned, where it is shown as inventory, are recognised by their nature and are not regarded as site development costs. Property, plant and equipment is stated in the balance sheet at its acquisition cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure incurred in relation to a tangible asset is an expense of the period in which it is incurred or increases the value of that tangible asset, depending on the economic benefits associated with that expenditure, in accordance with the general recognition criteria. The company applies the following criteria to determine whether subsequent expenditure increases the value of the asset in question:

- Subsequent expenditure exceeds 50% of the full replacement cost of the asset to which it relates. The replacement cost is either the acquisition cost of that asset at the date when the subsequent expenditure takes place or the historical acquisition cost of the existing asset
- The economic useful life of the asset is extended beyond its original useful life following repair
- The production capacity (efficiency/quality) of the asset is increased by at least 50% as a result of the subsequent expenditure concerned.

Expenses incurred in respect of tangible assets used under a lease, management, management or similar contract are recognised as tangible assets or as expenses during the period in which they were incurred, based on the economic benefits derived therefrom, similar to expenses incurred in respect of own tangible assets.

In the case of the replacement of a component of a long-lived asset, the Company recognises the cost of the partial replacement, with the carrying amount of the replaced part being derecognised, with related depreciation, if the necessary information is available and the recognition criteria for tangible assets are met, and the carrying amount of the replaced part, with related depreciation, is derecognised.

Major spare parts and safety equipment are considered tangible fixed assets when they are expected to be used for a period of more than one year.

The cost of regular inspections or overhauls carried out by the entity to detect defects are recognised at the time of each overhaul as an expense or in the carrying amount of the item of property, plant and equipment as a replacement if the following conditions are met cumulatively:

- General inspections or overhauls are mandatory to maintain and operate equipment and machinery at normal parameters
- The cost of inspections or overhauls exceeds the materiality threshold established by the entity's accounting policies.

If the cost of inspection is recognised as a component of the asset, the value of the component is depreciated over the period between two planned inspections. The cost of routine overhauls and inspections, other than those recognised as a component of fixed assets, are expenses of the period.

Real estate investments

Real estate investment is property (land or a building - or part of a building - or both) held for rental income or capital appreciation, or both, rather than for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business.

As of 1<sup>st</sup> January 2023 the Company has determined based on accounting policies and professional judgment that the real estate properties held do not qualify as investment property.

Transfers into or out of the investment property category must be made if and only if there is a change of use,

The accompanying notes form an integral part of these financial statements.

**(all amounts are in RON unless otherwise specified)**

evidenced by the commencement of use by the holder, for a transfer from the investment property category in the category of real estate used by the holder; the end of the holder's use, for a transfer from the category of real estate used by the holder to the category of investment property.

If the Company decides to dispose of an investment property, with or without additional development, the entity continues to treat the property as investment property until such time as it is derecognised.

*Assets held under a leasing contract*

Finance leases, which transfer most of the risks and rewards of ownership of assets to the Company, are capitalised at the inception of the lease at the purchase value of the leased assets. Assets capitalised under a finance lease are depreciated on a basis consistent with the normal depreciation policy for similar assets.

Other leases are classified as operating leases.

*Revaluation of assets*

On 31 December 2021, on the basis of OMFP 1802/2014 with subsequent amendments and additions and management's decision, the land and buildings owned by the Company were revalued. The purpose of the valuation was to bring the existing inventory values in the accounting records at their fair value, which, according to OMF 1802/2014 as amended, is determined on the basis of valuations usually carried out by qualified professionals. The revaluation difference is reflected in the revaluation reserves.

The values of buildings determined as a result of the revaluation are depreciated from 1 January of the year following the year in which the revaluation took place.

*Depreciation*

Depreciation of fixed assets with limited economic useful lives is the systematic allocation of the depreciable amount of an asset over its entire economic useful life. Depreciable amount is the cost or other amount in lieu of cost (e.g. revalued amount).

Depreciation of tangible fixed assets is calculated from the month following their start-up until their full entry value is recovered. When determining the depreciation of tangible fixed assets, their economic useful lives and conditions of use should be taken into account.

Depreciation is calculated using the straight-line method over the life of the assets.

Investments in tangible fixed assets used under a lease, management, management or similar contract are subject to depreciation over the term of the contract.

Land is not depreciated.

*Useful life*

The useful lives for the main categories of tangible assets are shown in the table below:

Type	Years
Buildings	40-60
Technological equipment	4-12
Motor vehicles	5

A review of the depreciation period may be justified by a significant change in the conditions of use, as well as in the case of investments or repairs other than those resulting from routine maintenance or ageing of an item of property, plant and equipment. Also, if tangible fixed assets are placed in conservation, where their use is discontinued for a long period, a review of the depreciation period may be justified. When the elements underlying the initial determination of the economic useful life have changed, the Company establishes a new depreciation period. The change in economic useful life is a change in accounting estimate.

The depreciation method may be changed only when it is due to an error in estimating the pattern of consumption of the benefits associated with the asset.

*Disposal and scrapping*

An item of property, plant and equipment is derecognised on disposal or scrapping when no future economic benefit is expected from its subsequent use.

In the case of the derecognition of property, plant and equipment, the proceeds from the sale, the expenses representing the undepreciated value of the asset and other expenses relating to its disposal are shown separately.

For the purpose of showing in the profit and loss account, gains or losses arising on the disposal of an item of property, plant and equipment shall be determined as the difference between the proceeds from the disposal and its undepreciated value, including the expenses incurred and shall be presented net as income or expense, as appropriate, in the profit and loss account under "Other operating income" or "Other operating expenses", accordingly.

The accompanying notes form an integral part of these financial statements.

**(all amounts are in RON unless otherwise specified)**

#### *Compensation from third parties*

In the case of total or partial destruction of tangible fixed assets, the related receivables or compensation received from third parties and the subsequent purchase or construction of assets being separate economic operations are recorded as such on the basis of supporting documents.

Thus, the impairment of assets is recognised when it is established and the right to receive compensation is recognised as income on an accruals basis when it is established.

#### *Financial assets and short-term investments*

Financial assets comprise shares held in affiliated entities, loans granted to affiliated entities, shares held in associates and jointly controlled entities, loans granted to associates and jointly controlled entities, as well as other investments held as fixed assets and other loans, green certificates whose trading is deferred under the provisions of Law no. 220/2008, republished.

Short-term investments comprise short-term bank deposits, including those with a term of 3 months or less when held for investment purposes, bonds issued and redeemed, securities purchased for resale within a short period of time, and other short-term investments.

Short-term financial investments also include greenhouse gas emission allowances that qualify as short-term investments.

The classification of long-term securities as financial assets or short-term investments is made in relation to the purpose for which they are intended and the Company's intention regarding the duration of holding the securities, i.e. more than one year or up to one year. Equity acquired primarily for the purpose of generating a profit as a result of short-term price movements is classified as short-term investments. Equities held for an indefinite period, which may be sold as a result of liquidity needs or changes in interest rates, are classified as non-current assets unless management intends to hold them for less than 12 months from the balance sheet date or it is necessary to sell them to raise working capital, in which case they are included in current assets.

Financial assets are initially recorded at purchase cost. The accounting entry of the value of green certificates received or whose trading is deferred shall be made on the date of receipt or the date on which the right to receive them is established, at the value determined on the basis of the number of green certificates and the trading price of green certificates published by the electricity market operator.

Financial fixed assets are later recorded at their entry value less accumulated impairment adjustments; impairment adjustments are recognised in the profit and loss account for financial fixed assets other than those represented by green certificates whose trading is deferred in accordance with Law 220/2008 republished, which are recognised in respect of deferred income.

Short-term investments in shareholdings admitted to trading on a regulated market are valued at the quoted market price on the last trading day, while unquoted investments are stated at cost less any impairment adjustments.

#### *Selling and leasing a long-term asset*

The sale of a long-term asset with a subsequent lease from the lessor is accounted for differently depending on the type of lease agreement between the parties:

- in the case of a finance lease, the sale of the asset is not recorded as the conditions for revenue recognition are not met and the transaction is a financing transaction. As a result, the financing of the lessee by the lessor is recorded in the accounts (e.g. cash inflow and long-term debt)
- in the case of an operating lease, the lessee accounts for a sale transaction with the asset derecognition and the monthly lease payments expense under the contract.

#### *Impairment of fixed assets*

##### *Determination of impairment losses*

The recoverable amount of tangible and intangible fixed assets is considered to be the higher of fair value less costs to sell and value in use. Estimating the value in use of an asset involves discounting estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the case of an asset that does not independently generate significant cash flows, recoverable amount is determined for the cash-generating unit to which the asset belongs.

The carrying amount of the Company's non-current assets is reviewed at each balance sheet date to determine whether impairment losses exist. If such an impairment loss is probable, the amount of the impairment loss is estimated.

#### *Reversal of impairment adjustments*

The accompanying notes form an integral part of these financial statements.

An adjustment for impairment of fixed assets is reversed if there has been a change in the estimates used to determine the recoverable amount. In the case of adjustments recognised for goodwill impairment, these are not subsequently reversed to income.

An impairment adjustment may be reversed to the extent that the carrying amount of the asset does not exceed the recoverable amount, less depreciation, that would have been determined had the impairment adjustment not been recognised.

#### *Stocks*

The main categories of stocks are: raw materials, semi-finished products, finished products, goods, packaging, spare parts, consumables and packaging.

The cost of stocks includes all costs related to purchase and processing, as well as other costs incurred to bring stocks into the form and location in which they are found. Trade discounts granted by the supplier and recorded on the purchase invoice adjust the purchase cost of the goods downwards. When the purchase of goods and the receipt of trade discounts are treated together, trade discounts received after invoicing also adjust the purchase cost of the goods. Trade discounts received after invoicing correct the cost of the stocks to which they relate if they are still under management. If the stocks for which the subsequent discounts were received are no longer in handling, they are shown separately in the books (account 609 "Trade discounts received") in third-party accounts. If the trade discounts shown on the purchase invoice fully cover the value of the goods purchased, they are entered in the accounts at fair value, under current revenue (account 758 "Other operating income").

The cost of finished goods and work in progress comprises direct production-related expenditure, i.e. direct materials, energy consumed for technological purposes, direct labour and other direct production expenses, as well as the share of indirect production expenses rationally allocated as related to their manufacture.

The cost of inventories is determined in relation to the given situation on the basis of standard cost, the specific identification method or if they are produced at retail on the basis of retail prices.

When removed from inventory, stocks are valued using the FIFO method.

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, value adjustments are made for obsolete, slow-moving or defective stocks.

#### *Trade receivables*

Trade receivables are initially recognised and recorded at the value according to the invoices or documents proving the delivery of goods or the provision of services.

The recoverable amount of receivables at the balance sheet date is measured at their estimated collectible or payable amount. Any shortfall between the inventory value determined at the time of the inventory and the book value of the receivables is entered in the accounts as impairment adjustment. Impairment adjustments are made when there is evidence that the Company will not be able to collect the receivables when originally agreed. Bad debts are recorded as expensed when identified.

Impairment loss relating to a receivable is reversed if the subsequent increase in recoverable amount can be related to an event that occurred after the impairment loss was recognised.

Receivables taken over by assignment are recorded in the accounts at acquisition cost, their nominal value being recorded off-balance sheet.

#### *Cash and cash equivalents*

Cash and cash equivalents consist of cash, accounts with banks, term bank deposits with a term of three months or less if held for the purpose of meeting short-term cash requirements, cheques and commercial paper deposited with banks. The overdraft is included in the balance sheet as part of the amounts due to credit institutions to be paid over a one-year period.

For the cash flow statement, cash and cash equivalents comprise cash in hand, accounts with banks, short-term financial investments, net of overdrafts.

#### *Loans*

Short and long-term loans are recorded at the amount received. Bank fees and commissions paid to obtain long-term loans are recognised as upfront expenditure. Upfront expenditure is recognised as current expenses in instalments over the period of repayment of the respective loans.

The short-term portion of long-term loans is classified as "Liabilities: Amounts payable within one year" and included together with interest due at the balance sheet date in ["Amounts due to credit institutions" / "Amounts due to affiliated entities", "Amounts due to entities with which the entity is linked by virtue of participating interests" / "Other debts" ] within Current liabilities.

The accompanying notes form an integral part of these financial statements.

### *Debts*

Trade payables are recorded as cost, which represents the amount of the liability to be paid in the future for goods and services received, whether or not invoiced to the Company.

### *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments under an operating lease are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. Incentives received for entering into a new or renewed operating lease are recognised as part of the net consideration agreed for the use of the leased asset, regardless of the nature of the incentive, form or timing of the payment, thereby reducing rental expense over the lease term on a straight-line basis.

### *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources would be required to settle the obligation, and the liability can be reliably measured.

The amount recognised as a provision is the best estimate at the balance sheet date of the costs required to settle the current obligation.

The best estimate of the costs required to extinguish the current debt is the amount the Company would reasonably pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time. Where the time value effect of money is significant, the amount of the provision is the present value of the expenditure estimated to be required to settle the obligation. The discount rate used reflects current market valuations of the time value of money and debt-specific risks. Updating is carried out by specialised persons, i.e. actuary.

Gains from the expected disposal of assets should not be taken into account in the valuation of a provision. If some or all of the expenses related to a provision are expected to be reimbursed by a third party, the reimbursement should be recognised only when there is clear evidence that the reimbursement will be received. Reimbursement is treated as a separate asset. The amount to be recognised as reimbursement does not exceed the amount of the provision. Where the Company may require another party to pay, in whole or in part, expenses required to settle a provision and the Company is not liable for the amounts involved, the Company shall not include those amounts in the provision.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If an outflow of resources is no longer probable for the settlement of an obligation, the provision must be reversed to income.

### *Restructuring Provisions*

Restructuring provisions may be established in the following situations:

- a) sale or cessation of a part of the business;
- b) closure of some of the entity's offices;
- c) changes in the management structure, e.g. elimination of a management level;
- d) fundamental reorganisations that have a significant effect on the nature and purpose of the entity's activities

The company recognises in the accounts a provision for restructuring to the extent that the following conditions are cumulatively met:

- a) The company has a detailed formal restructuring plan which stipulates the activity or part of the activity to which it relates, the main locations affected by the restructuring plan, the approximate number of employees who will receive severance pay, their distribution and positions, the expenses involved and the date from which the restructuring plan will be implemented;
- b) the company has caused those affected to expect the restructuring to be carried out by starting to implement that plan or by announcing its main features to those affected by it.

A restructuring provision includes only the direct costs of restructuring, i.e. those that are necessarily incurred in the restructuring process and are not related to the entity's continued operation. Expenditure relating to the future management of the business is not provided for.

### *Guarantee provisions*

A guarantee provision is recognised when the goods or services covered by the warranty are sold. The amount of the provision is based on historical information on guarantees granted and is estimated by weighting all possible outcomes by the probability of realisation of each.

### *Onerous contract provisions*

A provision for a contract for pecuniary interest is recognised when the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to flow from the contract. The unavoidable costs of a contract

The accompanying notes form an integral part of these financial statements.



reflect the net exit cost of the contract, i.e. the lower of the cost performance of the contract and any compensation or penalties arising from non-performance. Before the provision is established, the Company recognises any impairment loss on assets allocated to the contract.

#### *Other provisions*

Provisions are also recognised for litigation and other uncertain liabilities, taxes, pensions and similar obligations, bonuses to be paid to staff based on profit and in relation to concession agreements.

#### *Pensions and post-employment benefits*

As part of its current activity, the Company makes payments to the Romanian State for the benefit of its employees. All company employees are included in the pension scheme of the Romanian State. The Company does not operate any other pension scheme or post-retirement benefit plan and therefore has no pension obligations. In addition, the Company is not required to provide additional benefits to former or current employees.

According to the Collective Agreement, the Company grants employees a fixed number of retirement salaries based on their length of service with the Company. The amount of the provision recorded in relation to these amounts is determined by a specialist actuary.

#### *Subsidies*

Subsidies are recognised when there is sufficient certainty that: the company will comply with the conditions attached to their award and the subsidies will be received.

Subsidies for assets, including non-monetary grants at fair value, are recorded in the accounts as investment subsidies and recognised in the balance sheet as deferred income. Deferred income is recorded in the profit and loss account as depreciation expense is recognised or on the disposal of assets.

Subsidies that compensate the Company for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which expenses are recognised.

Operating subsidy income relating to the net turnover is presented in the profit and loss account as part of net turnover, and other subsidy income is presented in the profit and loss account as an adjustment to the expenses for which it was granted or as income items, according to the structure provided for this purpose.

#### *Share capital*

The share capital consisting of common shares is recorded at the amount determined on the basis of the instruments of incorporation and the supporting documents relating to capital payments.

Own shares repurchased in accordance with the law are shown in the balance sheet as an adjustment to equity.

Gains or losses arising from the issue, redemption, sale, free transfer or cancellation of the entity's own equity instruments (shares, equity shares) are recognised directly as equity in the "Gains or losses on equity instruments" line. The company recognises changes in share capital only after their approval by the Trade Register.

#### *Legal reserves*

It is constituted in the proportion of 5% of the gross profit at the end of the year until the total legal reserves reach 20% of the paid-in share capital in accordance with the legal provisions.

#### *Dividends*

Dividends are recognised as liability in the period in which their distribution is approved. The distribution of dividends is made after the approval of the financial statements.

#### *Retained earnings*

The accounting profit remaining after distribution of the legal reserve realised, up to 20% of the share capital, is taken to retained earnings at the beginning of the financial year following that for which the annual financial statements are drawn up, from where it is to be allocated to the other legal purposes.

The destinations of the accounting profit shall be recorded in the books in the year following the general meeting of shareholders which approved the profit distribution, by entries of the amounts representing dividends due to shareholders, reserves and other destination, according to the law.

#### *Financial instruments*

The financial instruments used by the Company consist mainly of cash, receivables, payables and amounts due to credit institutions. Instruments of this type are evaluated in accordance with the specific accounting policies set out in Note 2 "Accounting principles, policies and methods".

#### *Income*

Proceeds from the sale of goods

The accompanying notes form an integral part of these financial statements.

Income from the sale of goods is recorded when the goods are handed over to the buyers, delivered against invoice or under other conditions laid down in the contract, which attest the transfer of ownership of goods to the customers.

Income from the sale of goods is recognised when the following conditions are met:

- a) the company has transferred to the buyer the significant risks and rewards of ownership of the goods
- b) The company no longer manages the sold goods as it would normally have done if it owned them, nor does it have effective control over them;
- c) the size of the income can be reliably assessed;
- d) the economic benefits associated with the transaction are likely to flow to the entity; and
- (e) the transaction costs can be reliably estimated.

If the Company retains only an insignificant ownership risk, the transaction is a sale and proceeds are recognised.

The time when the transfer of significant risks and rewards of ownership of the goods occurs is determined by examining the circumstances of the transaction and the terms of the sales contracts.

For goods delivered under a consignment contract, delivery of the goods from the consignor to the consignee shall be deemed to take place on the date on which the goods are delivered by the consignee to its customers.

For goods transmitted for testing or conformity checking, the transfer of ownership of the goods shall be deemed to have taken place on the date of acceptance of the goods by the Customer.

Trade discounts granted after invoicing, irrespective of the period to which they relate, are shown separately in the accounts (account 709 "Trade discounts offered"), for third parties. Where trade discounts represent events occurring after the balance sheet date, they are recorded at the balance sheet date in account 418 "Customers – invoices to be issued", and are reflected in the financial statements of the reporting year if the amounts are known at the balance sheet date.

Gift points awarded by the Company under customer loyalty programmes and which can be used to purchase free or discounted goods or services as part of a transaction for the sale of goods or the provision of services are booked as an identifiable component of the transaction under which they are awarded (account 472 "Deferred income"/separate entry) when the loyalty programme provides information about the value of the gift points awarded, the expiry dates of the gift points, the value of the gift points honoured and the value of existing gift points to be honoured in the next period. The amount corresponding to gift points is recognised as income when the entity fulfils its obligation to provide the awards or at the end of the period during which customers may use the gift points. If the level of expenses required to meet the obligation to deliver the awards is expected to exceed the consideration received or receivable for them at the date the customer redeems them, the entity records a provision in the accounts for the difference.

#### *Service revenue*

Revenue from services is recognised in the period in which such services were provided and in line with the stage of completion. The provision of services includes carrying out works and any other operations that cannot be considered as supplies of goods.

The stage of completion of the work is determined on the basis of the statements of work accompanying the invoices, acceptance reports or other documents certifying the stage of completion and acceptance of the services provided.

In the case of construction works, revenue recognition is based on the acceptance certificate signed by the Client, certifying that the contractor has fulfilled its obligations in accordance with the contract provisions and the performance documentation.

The value of the work not accepted by the Client by the end of the period is entered as cost in account 332 "Services in progress" against account 712 "Revenues associated with the cost of services in progress".

If the selling price includes a separate, contractually specified amount for the subsequent provision of services, that amount is deferred (account 472 "Deferred income") and recognised as revenue over the period in which the services are provided, but no later than the end of the period for which the subsequent provision of services was contracted.

#### *Rental and royalty income*

Rental and royalty income is recognised on an accrual basis as per the contract. Incentives granted for entering into a new or renewed operating lease are recognised as part of the net consideration agreed for the use of the leased asset, regardless of the nature of the incentive, form or timing of payment, thereby reducing rental income over the lease term on a straight-line basis.

#### *Taxes and duties*

The company records current income tax in accordance with the Romanian legislation in force at the date of the financial statements. Tax liabilities are recorded in the period to which they relate.

The accompanying notes form an integral part of these financial statements.

### *Financial income and expenses*

Financial income comprises interest income, dividend income, income from financial assets disposed of, income from short-term financial investments - net, income from foreign exchange differences and income from discounts earned. Financial income is recognised on an accrual basis. Thus, interest income is recognised periodically on a pro rata basis as the income is earned, on an accruals basis; dividends are recognised when the shareholder's right to receive them is established.

Financial expenses comprise interest expense on borrowings, amortisation of provision discounting, impairment losses recognised on financial assets, expense on financial assets disposed of, expense on short-term financial investments - net, expense on foreign exchange differences and expense on discounts earned. All borrowing costs not directly attributable to the acquisition, construction or production of long-lived assets are recognised in the income statement on an accrual basis.

### *Accounting errors*

Errors found in the accounts may relate either to the current financial year or to previous financial years; errors in previous periods include misstatements in the annual financial statements. Errors are corrected at the time they are detected. Prior period errors are omissions and misstatements contained in the entity's financial statements for one or more prior periods resulting from a mistake in using or not using reliable information that:

- (a) was available at the time the financial statements for those periods were approved for issue;
- (b) could reasonably have been obtained and taken into account in the preparation and presentation of such annual financial statements.

The correction of errors relating to the current financial year is made on the profit and loss account. The correction of material errors relating to previous financial years is made against retained earnings. Non-significant errors relating to previous financial years are also corrected based on retained earnings.

The correction of errors relating to previous financial years does not result in a change in the financial statements for those years. In the case of errors relating to previous financial years, their correction does not require the adjustment of comparative information presented in the financial statements. Comparative information on the financial position and financial performance, i.e. change in financial position, is presented in the explanatory notes. The notes to the financial statements also provide information on the nature of the errors found and the periods affected by them.

### *Related parties*

A related party is a person or entity that is related to the entity preparing the financial statements, hereinafter referred to as *Reporting Entity*.

A person or a close family member of that person is related to a Reporting Entity if that person:

- (i) has control or joint control of the Reporting Entity;
- (ii) has significant influence over the Reporting Entity; or
- (iii) is a member of the key management personnel of the Reporting Entity or of the parent company of the Reporting Entity.

An entity is related to a Reporting Entity if it meets any of the following prerequisites:

- (i) the entity and the Reporting Entity are members of the same group (i.e. each parent, subsidiary and affiliate in the same group is related to the others);
- (ii) an entity is an associate or jointly controlled entity of the other entity (or an associate or jointly controlled entity of a member of the group of which the other entity is a member);
- (iii) both entities are jointly controlled entities of the same third party;
- (iv) one entity is a jointly controlled entity of a third entity and the other is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of the reporting entity or of a related entity of the Reporting Entity. If the Reporting Entity itself represents such a plan, the sponsoring employers are also linked to the Reporting Entity;
- (vi) the entity is controlled or jointly controlled by a person or an appropriate member of that person's family who has control or joint control of the Reporting Entity, has significant influence over the Reporting Entity; or is a member of the key management personnel of the Reporting Entity or the parent of the Reporting Entity.
- (vii) a person or an appropriate member of that person's family who has control or joint control of the Reporting Entity has significant influence over the entity or is a key management personnel of the entity (or the entity's parent);
- (viii) the entity or any member of a group to which it belongs provides services to key management personnel of the Reporting Entity or the parent company of the Reporting Entity.

The accompanying notes form an integral part of these financial statements.

**(all amounts are in RON unless otherwise specified)**

Key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the entity, directly or indirectly, including any director (executive or otherwise) of the entity.

A person's close family members are those family members who can be expected to influence or be influenced by that person in their relationship with the entity and include:

- a) children and spouse or life partner of the person concerned;
- b) the children of that person's spouse or life partner; and
- c) dependants of the person concerned or of that person's spouse or life partner.

According to OMF 1802/2014, affiliated entities means two or more entities within the same group.

The accompanying notes form an integral part of these financial statements.

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**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
**(all amounts are in RON unless otherwise specified)**

## 2. FIXED ASSETS

### a) Intangible assets

	Balance as at 1 January 2023	Increases	Reductions	Balance as at 31 December 2023
<b>COST</b>				
Concessions, patents, licences, trademarks, similar rights and values and other intangible assets	464,286	196,993	205,592	455,686
Other intangible assets Advances	250,977	68,323	-	319,301
	<b>715,264</b>	<b>265,316</b>		<b>774,987</b>
<b>Total</b>				

	Balance as at 1 January 2023	Year depreciation	Reductions	Balance as at 31 December 2023
<b>DEPRECIATION</b>				
Concessions, patents, licences, trademarks, similar rights and values and other intangible assets	405,703	94,686	205,592	294,797
Other intangible assets	125	89,516		89,641
<b>Total</b>	<b>405,829</b>	<b>184,202</b>	<b>205,592</b>	<b>384,438</b>
<b>Net value</b>	<b>309,435</b>	<b>81,114</b>	<b>-</b>	<b>390,549</b>

The increase in the value of intangible assets is due to the acquisition of licences and software.

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. FIXED ASSETS (continued)**

**b) Tangible assets**

COST	Balance as at	Increases			Reductions		Balance as at 31 December 2023
	1 January	Purchasing	Transfer	Reassessment	Cessions	Transfer	
Land and landscaping	24,239,673	-			-		24,239,673
Buildings	9,568,021	2,660,627			309,507		11,919,141
Technological equipment (plant and machinery)	26,331,011	11,795,223			-		38,126,234
Measurement, control and adjustment devices	5,073,859	186,731			-		5,260,590
Motor vehicles	4,126,483	682,557			214,749		4,594,291
Other plant, machinery and furniture	93,729	71,678			-		165,407
Real estate investments	-	-					
Tangible assets for exploration and evaluation of mineral resources	-	-			-		-
Productive biological assets	-	-			-		-
Tangible assets in progress	3,642,464	5,381,601			5,727,872		3,296,193
Advances for tangible assets	1,106,066	1,310,648			-		2,416,715
<b>Total</b>	<b>74,181,307</b>	<b>6,763,927</b>			<b>6,252,128</b>		<b>90,018,244</b>

The accompanying notes form an integral part of these financial statements.



**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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### 3. FIXED ASSETS (continued)

#### Freehold land and buildings

Freehold land and buildings comprise properties held by the Company for use in the production of goods or for administrative purposes.

#### Revaluation of tangible assets

On 31 December 2021, a revaluation of the land, buildings and equipment belonging to the Company was carried out by expert appraiser Teek Construct SRL, in accordance with OMF 1802/2014 as amended and the national valuation standards issued by ANEVAR. The revaluation was aimed at adjusting the net book values of the items included in these categories to their fair value taking into account their physical condition and market value.

Tangible fixed assets sold and leased

During the year the Company sold/disposed of assets with a net book value of 79,698 lei.

#### Tangible assets in progress

During 2023, the programme to purchase and upgrade existing machinery and plant continued. At the end of 2023, investments in progress amount to 3,296,193 lei, consisting of equipment and machinery in the installation or commissioning phase, as well as modernization works on existing machinery and buildings.

#### c) Financial assets

<b>COST</b>	<b>Balance as at 1 January 2023</b>	<b>Increases</b>	<b>Reductions</b>	<b>Balance as at 31 December 2022</b>
Shares held in affiliated entities	517,377	332,953		850,330
Other fixed assets	109,232			109,232
Long term receivables				
<b>Total</b>	<b>626,609</b>	<b>332,953</b>		<b>959,562</b>
<b>VALUE ADJUSTMENTS</b>	<b>Balance as at 1 January 2023</b>	<b>Increases</b>	<b>Reruns</b>	<b>Balance as at 31 December 2023</b>
Other fixed assets	6,830			6,830
<b>Total</b>	<b>6,830</b>			<b>6,830</b>
<b>Net value</b>	<b>619,779</b>			<b>952,732</b>

Financial assets have the following structure on 31 December 2023:

<b>Entity name</b>	<b>Percentage ownership</b>	<b>Value</b>
Electromontaj SA	3.4%	517,377
Transelectrica SA	0.000048%	58,581
Electroconstructia ELCA SA	0.76%	18,188
Electrica SA	0.00077%	22,633
Romanian Cable Manufacturers Association		3,000
Electrotehnica Echipamente Electrice S.A. Bucharest	16.32254%	332,953
		<b>952,732</b>

The accompanying notes form an integral part of these financial statements.



**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. STOCKS**

<b>Stocks</b>	<b>Balance as at 1 January 2023</b>	<b>Balance as at 31 December 2023</b>
Raw materials and consumables	48,462,311	22,593,039
Raw materials and consumables at third parties		
Work in progress	4,260,655	8,475,088
Work in progress with third parties		
Finished goods	8,907,281	12,320,413
Finished goods at third parties	3,962	
Goods for resale	742	844
Goods for resale at third parties		
Packaging	1,530,630	1,424,982
Other stocks	227,433	128,146
Advances for stocks	458,429	943,092
Adjustments for inventory write-downs	(1,036,812)	(2,471,805)
<b>Total</b>	<b>62,814,630</b>	<b>43,413,799</b>

The company has carried out the inventory procedure for its stocks in accordance with the legislation in force and has recorded the resulting gains and losses in the accounts. Most of the stocks held by the Company represent materials used in the production process that do not present a risk of physical deterioration.

At the balance sheet date, following analysis by the Company's management, there are no indications of significant impairment of inventories. Based on management's analysis, an impairment adjustment of RON 2,471,805 (31 December 2022: 1,036,812 RON) was recorded.

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. RECEIVABLES**

<b>CREDITS</b>	<b>Balance as at 31 December 2022</b>	<b>Liquidity term</b>	
		<b>under 1 year</b>	<b>over 1 year</b>
Advances to service providers	1,032,972	1,032,972	
Customers and similar accounts	34,636,354	34,636,354	
Value adjustments receivables - customers	(1,888,798)	(1,888,798)	
VAT under settlement	46,615	46,615	
VAT receivable	1,482,382	1,482,382	
Corporate tax	958,808	958,808	
Other claims with the State budget	181,334	181,334	
Receivables from group companies	3,701,918	3,701,918	
Sundry debtors and other receivables	1,328	1,328	
Value adjustments - sundry debtors	(107,534)	(107,534)	
Claims relating to subscribed and unpaid capital			
Investment subsidies			
Long-term receivables	28,676	28,676	
<b>Total</b>	<b>40,074,056</b>	<b>40,074,056</b>	

<b>CREDITS</b>	<b>Balance as at 31 December 2023</b>	<b>Liquidity term</b>	
		<b>under 1 year</b>	<b>over 1 year</b>
Advances to service providers	1,118,554	1,118,554	
Customers and similar accounts	44,831,811	44,831,811	
Value adjustments receivables - customers	(1,955,435)	(1,955,435)	
VAT under settlement	23,100	23,100	
VAT receivable	-		
Corporate tax	336,685	336,685	
Other claims with the State budget	321,333	321,333	
Receivables from group companies	3,387,501	3,387,501	
Sundry debtors and other receivables	9,554	9,554	
Value adjustments - sundry debtors	-	-	
Claims relating to subscribed and unpaid capital	-	-	
Investment grants	-	-	
Long-term receivables	26,617	26,617	
<b>Total</b>	<b>48,099,721</b>	<b>48,099,721</b>	

Trade receivables are non-interest bearing and generally have a collection period of 30-90 days. Impairment adjustments are made when there is evidence that the Company will not be able to collect the receivables. Uncollectible accounts receivables are expensed when identified.

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
(all amounts are in RON unless otherwise specified)

**5. RECEIVABLES (continued)**

The movements in the impairment adjustments on receivables were as follows:

	<b>2022</b>	<b>2023</b>
<b>Balance as at 1 January</b>	<b>2,225,528</b>	<b>1,996,332</b>
Increases during the year	41,380	194,931
Amounts charged	96,866	
Reversals during the year	(173,711)	(235,828)
<b>Balance as at 31 December</b>	<b>1,996,332</b>	<b>1,955,435</b>

**6. CASH AND CASH EQUIVALENTS**

	<b>Balance as at 1 January 2023</b>	<b>Balance as at 31 December 2023</b>
<b>Cash and cash equivalents</b>		
Cash at bank in lei	7,648,582	12,203,503
Cash at bank in foreign currencies	24,408	432,125
Cheques		532,939
Cash on hand	3,153	591
Cash advances	4	4
Other items	-	-
<b>Total</b>	<b>7,676,148</b>	<b>13,169,163</b>

**7. DEFERRED EXPENSES**

	<b>Balance as at 1 January 2023</b>	<b>To resume</b>	
<b>DEFERRED EXPENSES</b>		<b>under 1 year</b>	<b>over 1 year</b>
Insurance, services, taxes and duties	162,223	162,223	
<b>Total</b>	<b>162,223</b>	<b>162,223</b>	
		<b>To replay</b>	
<b>DEFERRED EXPENSES</b>	<b>Balance as at 31 December 2023</b>	<b>under 1 year</b>	<b>over 1 year</b>
Insurance, services, taxes and duties	184,083	184,083	
<b>Total</b>	<b>184,083</b>	<b>184,083</b>	

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
(all amounts are in RON unless otherwise specified)

**8. DEBTS**

<b>DEBTS</b>	<b>Balance as at 31 December 2022</b>	<b>Due date</b>	
		<b>under 1 year</b>	<b>over 1 year</b>
Liabilities to entities in special relationships	2,231	2,231	
Amounts due to credit institutions	9,895,723	9,629,432	266,291
Advances from customers	878,216	878,216	
Suppliers	16,772,425	16,772,425	
Suppliers - invoices to be received	907,733	907,733	
Debts to employees	628,377	628,377	
Taxes and salary contributions	2,058,777	2,058,777	
Dividends payable	897,804	897,804	
Sundry creditors	417	417	
Other debts	3,882	3,882	
<b>Total</b>	<b>32,045,584</b>	<b>31,779,293</b>	<b>266,291</b>

The accompanying notes form an integral part of these financial statements.

**I PROEB SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 DECEMBER 2023**  
(all amounts are in RON unless otherwise specified)

**8. DEBTS (continued)**

DEBTS	Balance as at 31 December 2023	Due date	
		under 1 year	over 1 year
Liabilities to entities in special relationships	2,231	2,231	
Amounts due to credit institutions	323,193	154,094	169,099
Advances from customers	959,630	959,630	
Suppliers	7,243,324	7,243,324	
Suppliers - invoices to be received	1,176,188	1,176,188	
Debts to employees	642,777	642,777	
Taxes and salary contributions	2,092,196	2,092,196	
Dividends payable			
Sundry creditors	438	438	
Other debts	741,327	741,327	
<b>Total</b>	<b>13,181,304</b>	<b>13,012,205</b>	<b>169,099</b>

Trade payables (advances from customers, suppliers, suppliers - invoices to be received) are non-interest bearing and generally have a payment term of 30-90 days. Amounts due to credit institutions are made up of financial lease debts amounting to 323,193 (of which 154,098 lei represent debts due in less than one year from the balance sheet date).

Amounts due to employees mainly represent salaries payable to employees and relating to December 2023. These were paid in January 2024. Taxes and duties related to salaries include social security debts of 1,667,057 lei, income tax on salaries of 318,275 lei and insurance contribution for work amounting to 106,863 lei. These relate to December 2023 and were paid in January 2024.

	1 <sup>st</sup> January 2023	31 <sup>st</sup> December 2023
<b>FINANCE LEASE LIABILITIES</b>		
<b>Amount of minimum lease payments</b>		
Under 1 year	103,598	154,094
Over 1 year	266,291	169,099
<b>Total</b>	<b>369,889</b>	<b>323,193</b>
<b>Interest for future periods</b>		
Under 1 year	4,113	2,863
Over 1 year	4,638	1,732
<b>Total</b>	<b>8,751</b>	<b>4,595</b>
<b>Present value of minimum lease payments</b>	<b>378,640</b>	<b>327,788</b>

The accompanying notes form an integral part of these financial statements.

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**9. PROVISIONS FOR RISKS AND CHARGE**

	Balance as at 1 January 2023	Transfers		Balance as at 31 December 2023
		in account	from account	
Provisions for litigation	108,554	564,431	385,531	287,454
Provisions for guarantees to customers				
Provisions for pensions and similar obligations	899,520	294,307	103,491	1,090,336
Other provisions	951,429	8,133,208	8,226,088	858,549
<b>Total</b>	<b>1,959,503</b>	<b>8,991,946</b>	<b>8,715,110</b>	<b>2,236,339</b>

*Provisions for pensions and similar obligations*

Provisions for pensions and other similar obligations have been determined based on the provisions of the Company's collective labour agreement, which provides for the payment of a fixed number of salaries to each employee upon retirement. The provision was determined by specialists in the field (actuaries).

*Provisions for guarantees to customers*

This line comprises the average repair costs during the warranty period over the last three years, extrapolated to the average warranty period for the Company's customers.

*Other provisions*

The amount accrued represents unused holiday leave relating to the previous year and a provision for performance bonus not fully awarded in 2023.

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**10. CAPITAL AND RESERVES**

Share capital	Balance as at 31 December 2022	Balance as at 31 December 2023
	Number	Number
Subscribed capital ordinary shares	125,240,737	125,240,737
Subscribed capital preference shares		
	RON	RON
Nominal value of ordinary shares	0.30	0.30
Nominal value of preference shares		
	RON	RON
Share capital value	37,572,221	37,572,221

The share capital of the Company is fully paid up as of 31 December 2023.

The shareholding structure is shown below:

	Number of shares	Value	Percentage (%)
ELECTROMONTAJ S.A.	73,671,260	22,101,371	58.8237%
Natural persons	27,976,918	8,393,071	22.3385%
DD GROUP S.A	21,098,200	6,329,454	16.8461%
Other Legal Entities	2,494,359	748,326	1.9917%
<b>Total</b>	<b>125,240,737</b>	<b>37,572,221</b>	<b>100%</b>

**11. TURNOVER**

**Sales:**

	Sales in 2022	Sales in 2023
Export	9,224,147	5,215,052
Domestic sales	172,002,241	185,510,332
<b>Total sales</b>	<b>181,226,388</b>	<b>190,725,384</b>

**Activity-based sales:**

	Financial year ended 31 December 2022	Financial year ended 31 December 2023
<b>Turnover</b>		
Sales of finished goods	175,177,002	182,689,102
Sales of semi-finished goods	58,057	1,442,226
Sales of residual products	1,202,521	727,273
Services rendered	654,417	653,959
Rental and royalty income	462	375,565
Sale of goods purchased for resale	291,747	215,370
Revenues from sundry activities	3,942,701	4,933,740
Trade discounts offered	(100,519)	(318,851)
<b>Total</b>	<b>181,226,388</b>	<b>190,725,384</b>

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**12. INFORMATION ON EMPLOYEES AND MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

During 2023, the Company paid the following indemnities to members of the Board of Directors ("BOD") and executive management:

	2022	2023
Board Members	3,876,178	5,112,911

As at 31 December 2023, the Company had no pension payment obligations to former members of the Board of Directors and executive management.

At the end of 2023, the Company had no advances for settlement to members of the executive management team.

The average number of employees during the years ending 31 December 2022 and 31 December 2023 was as follows:

	The year ended 31 December 2022	The year ended 31 December 2023
Management staff	10	11
Personnel employed	247	254
<b>Total employees</b>	<b>257</b>	<b>265</b>

	The year ended 31 December 2022	The year ended 31 December 2023
Management	2,843,878	2,583,972
Employees	16,354,620	18,534,999
<b>Total salary expenses</b>	<b>19,200,498</b>	<b>21,118,971</b>

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**13. OPERATING EXPENSES**

	<b>Financial year ended 31 December 2022</b>	<b>Financial year ended 31 December 2023</b>
<b>External service expenses</b>		
Maintenance and repair expenses	889,035	351,153
Royalties and rental expenses	201,390	905,285
Insurance premiums	181,151	212,565
Staff training expenses	21,150	48,156
Consultancy costs	303,236	310,584
Externally contracted manpower	3,876,178	5,112,911
Commissions and fees	1,500	5,600
Entertaining, promotion and advertising	136,707	175,942
Transport of goods and personnel	660,157	1,061,220
Travel	241,948	202,252
Postage and telecommunications	169,902	171,600
Bank commissions and similar charges	209,168	216,487
Other third party services	2,135,638	3,170,067
<b>Total</b>	<b>9,027,160</b>	<b>11,943,822</b>

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**14. OTHER INFORMATION****14.1 Profit appropriation**

	<b>Balance as at 1 January 2023</b>	<b>Balance as at 31 December 2023</b>
<b>Net profit to be distributed</b>	21,527,297	16,976,490
- legal reserves	1,187,497	-
- reinvested profit reserves	1,811,339	620,855
- dividends	-	-
<b>Retained earnings</b>	<b>18,528,461</b>	<b>16,355,635</b>

The company did not distribute dividends during 2022 and 2023. The Company will decide at a later date how to distribute the profit remaining undistributed as of 31.12.2023.

**14.2 Earnings per share**

	<b>Balance as at 1 January 2023</b>	<b>Balance as at 31 December 2023</b>
<b>Earnings per share</b>		
Net result for the year (after appropriation)	18,528,461	16,355,635
Number of shares	125,240,737	125,240,737
Result per basic share	<b>0.1479</b>	<b>0.1306</b>

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**14. OTHER INFORMATION (continued)****14.3 Related and affiliated parties****14.3a Nature of related-party transactions**

Company name	Nature of the relationship	Transaction type
Electromontaj SA	Trade	Sale-purchase
Industrial Energy	Trade	Sale-purchase
Hidroconstructia	Trade	Sale
Electrotehnica Echipamente Electronice	Trade	Sale-purchase

**14.3b Receivables from affiliated entities / other related parties**

Name of affiliated entity / related party	Balance as at 31 December 2022	Balance as at 31 December 2023
Electromontaj SA	2,738,941	2,848,581
Industrial Energy	962,977	538,920
Hidroconstructia	-	39,503
<b>Total</b>	<b>3,701,918</b>	<b>3,427,004</b>

**14.3c Liabilities to affiliated entities / other related parties**

Name of affiliated entity / related party	Balance as at 31 December 2022	Balance as at 31 December 2023
Electromontaj SA	2,231	26,708
Industrial Energy	-	-
<b>Total</b>	<b>2,231</b>	<b>26,708</b>

**14.4. Other information****Audit-related costs**

	<b>2022</b>	<b>2023</b>
Audit of individual financial statements prepared in accordance with OMF 1802/ 2014	<b>118,985</b>	<b>51,465</b>

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**14 OTHER INFORMATION (continued)**

**14.5 Other information**

**Taxation**

Romania's taxation system is in a phase of consolidation and harmonisation with the EU legislation. There are still different tax law interpretations in this respect. In certain situations, tax authorities may treat certain issues differently, by calculating additional taxes and duties and related interest and late payment penalties.

According to the tax legislation in force, during 2023 interest and late payment penalties were charged for non-payment of tax liabilities by taxpayers on time.

In 2023, the interest rate was reduced to 0.03% per day of late payment; the penalty rate has remained unchanged at 0.02% per day of delay. During 2023, the level of interest and penalties has not changed.

In addition, the Romanian Government has a number of agencies authorized to conduct audits (controls) on companies operating on Romanian territory. These audits are similar to tax audits in other countries and may cover not only tax issues but also other legal and regulatory issues of interest to such agencies. In Romania, the tax year remains open for tax checking for 5 years. The Company management believes that the tax liabilities included in these financial statements are appropriate.

The company considers that it has paid all taxes, duties, penalties and penalty interest, where applicable, on time and in full.

**Environment**

Romania is currently undergoing a period of rapid harmonisation of its environmental legislation with the European Economic Community legislation in force. As of December 31, 2023, the Company had no liability related to anticipated costs, including legal and consulting fees, studies, design and implementation of environmental remediation plans. The company does not consider the costs associated with environmental issues to be significant.

**Transfer price**

Romanian tax legislation contains rules on transfer pricing between affiliates ever since 2000. The current legislative framework defines the "market value" principle for transactions between affiliated persons and the methods for establishing transfer prices. Under the relevant tax legislation, the tax assessment of transactions with affiliates is based on the concept of the market price of that transaction. Under this concept, transfer prices must be adjusted to reflect market prices that would have been established between entities that are not affiliated and acting independently, based on "normal market conditions". As a result, it is expected that the tax authorities will initiate thorough transfer price checks to ensure that the tax result and/or the customs value of imported goods are not distorted by the effect of the prices implemented with affiliated persons. It is likely that transfer price checks would be carried out in the future by the tax authorities to determine whether such prices comply with the principle of "normal market conditions" and that the Romanian taxpayer's tax base is not distorted. The company cannot quantify the outcome of such checks. The Company considers that transactions with affiliated parties were carried out at market values.

**Risk management**

i. Interest rate risk

The company has no bank loans and other long-term variable interest-bearing debt.

The Company has several interest-bearing loan agreements with banks and financial institutions as follows:

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	Banca Transilvania - credit line	Banca Transilvania - credit line	Banca Transilvania - Overall operating ceiling	BCR Multi-currency multi-product facility
Currency	EUR	RON	EUR	multi-currency
Type	Balance sheet	Balance sheet	Off-Balance sheet	Off-Balance sheet
Facility limit	EUR 3,000,000	RON 5,163,300	EUR 2,500,000	RON 15,000,000
Used as at 31.12.2023	-	-	EUR 507,498 (RON 2,522,723)	RON 3,049,858
Unused as at 31.12.2023	EUR 3,000,000	RON 5,163,300	EUR 1,992,502	RON 11,950,142
Validity period	17.04.2025	17.04.2025	04.03.2026	30.09.2028

The company has off-balance sheet guarantees as at 31.12.2023 in a total amount of RON 5,572,581 of which:

Total BCR: RON 3,049,858

Total Banca Transilvania: RON 2,522,723

In order to fulfil the contractual terms of the ongoing short-term credit agreements, the Company has created a property mortgage on the real estate located in Bistrita, a chattel mortgage on the stocks of raw materials, semi-finished and finished goods of I PROEB S.A. located in the warehouse of Bistrita, 19 Drumul Cetatii Street, Bistrita-Nasaud County, and a chattel mortgage on the present and future (commercial) receivables of the Company resulting from the commercial relations with the first 10 customers, as well as other present and future receivables concluded by I PROEB S.A. with its customers, up to the amount of the collateral required.

ii. Currency risk

The company trades in a currency other than the functional currency (RON) and is therefore exposed to exchange-rate risk.

iii. Credit risk

The company has business relationships with recognised third parties, which justify credit financing. The Company's policy is that all customers who wish to conduct business on credit terms are subject to verification procedures. Furthermore, the accounts receivable balances are constantly monitored, resulting in an insignificant exposure of the Company to the risk of bad (uncollectible) debts.

## 15 SUBSEQUENT EVENTS

After obtaining the Financing Agreement no. 520/11.09.2023 of the Ministry of Finance, based on GD 807/2014 for the establishment of state aid schemes aimed at stimulating investments with a major impact on the economy, the company has complied with and followed the special mentions for financing by the Ministry of Finance, within the required 6 months from obtaining the agreement.

The value of the investment project "Fundamental change of cable manufacturing processes in Iproeb S.A." is 96,423,600 lei, of which the amount of state aid approved for Iproeb S.A. is 48,211,800 lei.

General Manager

Financial Manager

Mihai Marin

Daciana Nanu

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DocuSigned by: [electronic signature]

The accompanying notes form an integral part of these financial statements.