ROCA INDUSTRY

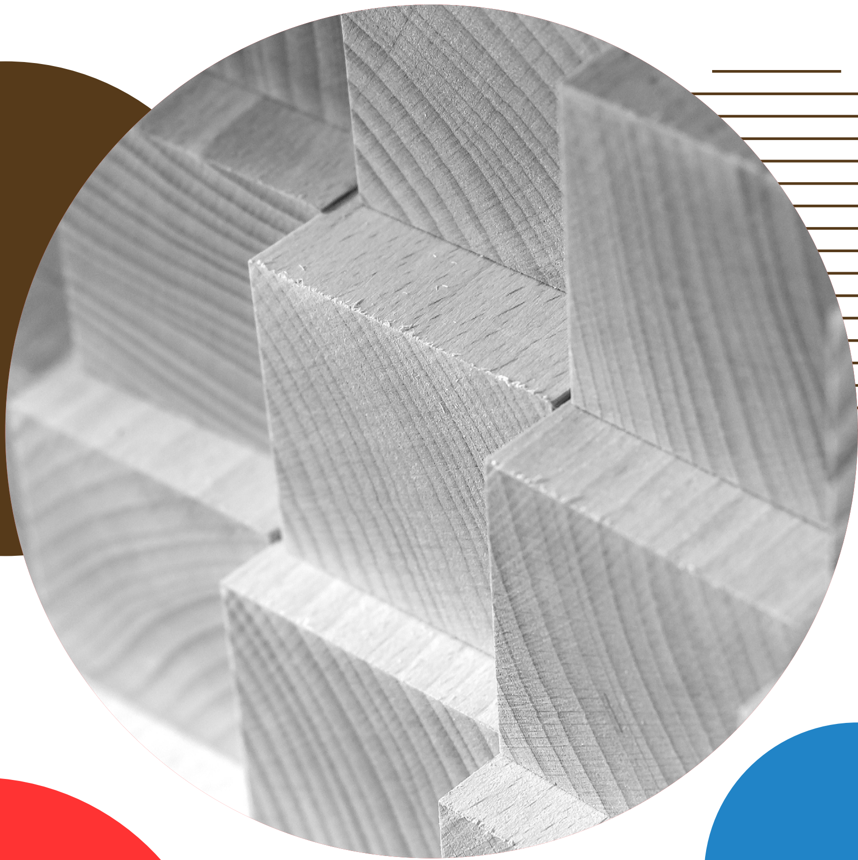
2023

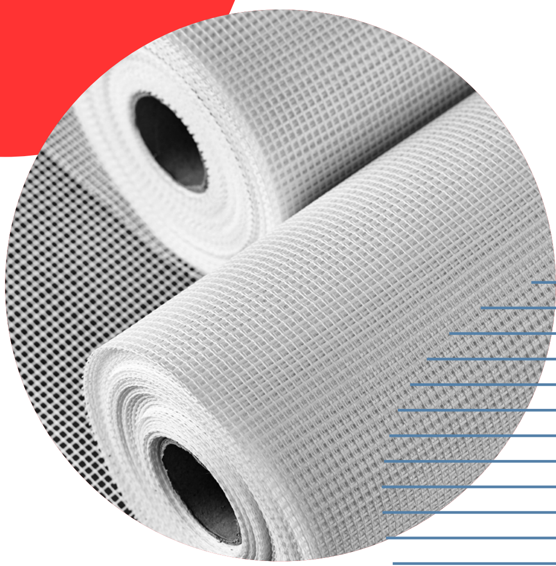
ANNUAL REPORT

Company listed on the Main market of the Bucharest Stock Exchange

SYMBOL: ROC1

TABLE OF CONTENTS
2023 ANNUAL REPORT





ROCA INDUSTRY

TABLE OF CONTENTS

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT	
REPORT TYPE	DIRECTORS' REPORT FOR 2023
FOR THE FINANCIAL YEAR	01.01.2023 – 31.12.2023
DATE OF PUBLICATION OF THE REPORT	30.04.2024
ISSUER INFORMATION	
NAME	ROCA INDUSTRY HOLDINGROCK1 S.A.
FISCAL CODE	RO 44987869
TRADE REGISTER REGISTRY NUMBER	J40/16918/2021
REGISTERED OFFICE	4 GARA HERĂSTRĂU STREET, BUILDING A, FLOOR 3, DISTRICT 2, BUCHAREST
INFORMATION ABOUT FINANCIAL INSTRUMENTS	
SUBSCRIBED AND PAID-UP SHARE CAPITAL	248.672.220 LEI
MARKET ON WHICH THE SECURITIES ARE TRADED	BSE MAIN MARKET, STANDARD CATEGORY
TOTAL NUMBER OF SHARES	24,867,222
SYMBOL	ROC1
CONTACT DETAILS FOR INVESTORS	
PHONE NUMBER	+40 723 511 138
EMAIL	INVESTORS@ROCAINDUSTRY.RO
WEBSITE	WWW.ROCAINDUSTRY.RO

The financial statements as of 31 December 2023 presented are audited.

Disclaimer: The financial figures presented in the descriptive part of the report, expressed in millions of lei, are rounded to the nearest whole number and may lead to small differences in regularization.

MESSAGE

FROM THE CEO

Ioan-Adrian Bindea

Dear Shareholders,

With the publication of the annual report, we formally put an end to 2023. As I have said before, it has been the hardest year for the construction materials industry in more than the last 10 years. The drops that the market experienced this year have not been seen since the last crisis. The number of building permits declined by 21% in 2023 compared to 2022, and the trend also continues at the beginning of 2024. The residential buildings sector to which we are mostly exposed is suffering, and according to our estimates, the situation will improve in the second part of the year. National Institute of Statistics reports declines in industrial production consistently over consecutive quarters and years. We are happy to have overcome 2023 in good shape, fortified and with many lessons learned. We are sure that, at least for Roca Industry, 2024 will be different.

The year 2023 was a year of processes. We have been simultaneously engaged in a capital increase process, several integration processes, others for operational streamlining, company acquisition, investment, building teams and that was not all. We have not completed them yet, but when we do, we will continue to the followings, because we are convinced that this is the only way we can create shareholders value: each day to be better than yesterday.

Nonetheless, 2024 can not only be a process year. The year 2024 should also be a year of results. In 2024 the fruits of our labor from these first two years of building the holding should also start to show, and the budgets are prepared in this respect. There are two ways to repay the shareholders' trust to us. The first is the distribution of dividends, but as we have already shown, it is not something we can achieve in the following year. The second is to increase the holding's value by increasing ROC1 shares' value, and this is something that we are going to do in 2024. Also, we are preparing to invest this year EUR 10 Mn only in CAPEX, while actively enhancing our processes,and experiencing day-to-day growth. We published a budget with double EBITDA compared to 2023, as we are confident in all we do.

Looking to the first quarter of this year, we do not expect a massive re-energising of the market. At least in the first part, expectations continue to be similar to those of the last year. We believe however that starting with the second part of the next year it will be safe to say that we put the hardest part away. I am referring to the residential buildings sector, because our products are mainly intended for this. Regarding the infrastructure works, it is highly likely that these continue to expand, but in ROC1 portfolio only Electroplast is an actual player in this area, namely railway revitalisation. Also, another relevant element is that the products of our companies are typically used in the final stages of construction projects (paint, interior doors, thermosystem mesh.Therefore, we anticipate a six-month delay between the increase in building permits and the corresponding rise in construction volume.

Briefly, short-term plans are outlined as follows:

ROCA Industry

- We are still under the growth phase and plan to sustain our growth momentum through M&A. Maintaining 3 transactions per year is a phase difficult to sustain. However, we believe we're currently in a phase where we can bring significant added value for our shareholders by identyfing well-negotiated and integrated acquisitions.
- We will continue to use the capital market mechanisms. Whether it is a new share capital increase or a bond issue, ROC1 will continue to rely on the capital market for funding.
- We are targeting the entry to an index, and this mainly means capitalisation, free-float, and liquidity. If we achieve a favorable ranking for the first two, we've decided to bolster liquidity by offering market-making services,while also taking into account a nominal value split.
- We are preparing to launch a Stock Options Plan for our fellow colleagues. The plan is subject to shareholder approval at the GMS to be held in April 2024, and the basic principle is that we are a team, shareholders and employees, meaning that no-one can win individually when the team loses. There will be no allocation of shares unless the results are very good. This is a promise.

Bico Industries

- This year we will complete the integration of the three plants from abroad, so we can reap most of the benefits of these transactions.
- Investments will continue. A manufacturing waste recycling line, a new ERP and, like every year, some equipment.
- We are targeting the listing in at least three DIY networks from abroad. We have already checked one, i.e. Pevex, the largest retailer from Croatia. Plus, a long series of new products.

Evolor

- The main focus is to continue the investments in the new production facility. We have acquired three more plots of land in proximity for the expansion of the hall already purchased and will be followed by the purchase of new production lines, the construction of another new hall and relocation of retained equipment.
- Evolor is, starting this year, a licensed partner company of Mattel for the

Barbie and Hot Wheels brands. This means that, among other products that we will launch in 2024, some will be for children.

Eco Euro Doors & Workshop Doors

- The most important ROC1 project in 2024 is the integration of the two companies and create most valuable synergies. We are also preparing to launch a merger project, which will create a new regional player in ROC1 portfolio, as well as (probably) the most profitable company in the holding.
- The integration process entails equipment relocation, production flow changes and streamlining and ERP implementation.
- We also intend to expand our client portfolio among the foreign DIY networks.

Dial

- We are preparing to expand the product range to a new direction.
- With EUR 1.8 Mn, Dial ranks 2nd in the holding in terms of size of the forecasted investments.

Electroplast

- Electroplast is preparing its most ambitious investment project in the entire holding; totaling over EUR 9 Mn., to replace most of the production equipment. The largest part of these investments will unfold in 2025 and 2026, while the year 2024 is intended to complete the previous project (the deadline for the commissioning of the last equipment is in May) and onset the following one.
- This is the company with the highest turnover but the lowest EBITDA margin. We are targeting this aspect mainly through operational streamlining actions. Besides the aforementioned investments, ELP has completed a pilot-project in the Industry 4.0 area, involving mounting sensors on equipment. These sensors transmit production information directly into the ERP system.
- We expect this year to feature the relaunching of railway projects eclipsed in the recent years by the road projects. We are the largest player in this niche, the most complex but also the most profitable. Our portfolio features Corridor IV projects (all sections), Craiova – Caransebes line, as well as most of the railway regional depts in terms of infrastructure maintenance.

A few days ago, we published the budgets for 2024 both for Roca Industry and for the companies in the portfolio. I will not go over the details presented there. It is my belief that the figures are presented transparently enough, and we are still open to address the additional questions received. There are yet some elements that I want to point out.

First of all, as I wrote last year, we will never publish a budget built to make it 100%. The ROC1 budgets will always be challenging, at the upper limit of what we think can be done. Last year we missed the budget by over 60%, we learned our lessons, but we did not change the budgeting process. We are equally ambitious.

In the same direction, I point out that we have budgeted an increased EBITDA by over 100% compared to last year, although we did not expect the market to help us in a particular way.

We looked back at what we built in 2023 and this should result. The expenses incurred last year and not yet covered by revenues, whether we refer to those related to team building, commercial network development, marketing, operational streamlining etc., must show their results this year. Similarly, we budgeted the first year with profit. Although still small, the difference between EBITDA and bottom line is approximately Lei 60 Mn, due to the level of indebtedness and high financial costs, but it is a start.

I conclude by thanking you, in particular to the shareholders who stayed with us despite last year's results, who believed in us and in our business model. I am sure that in 2024 we will be able to thank you with numbers. To those whose trust we have not yet managed to win, and even worse, to whom we have lost it over the past year, I am telling you that we are determined to remedy this. Roca Industry is a holding that will generate value for its shareholders. This is another promise.

IOAN-ADRIAN BINDEA

Director General

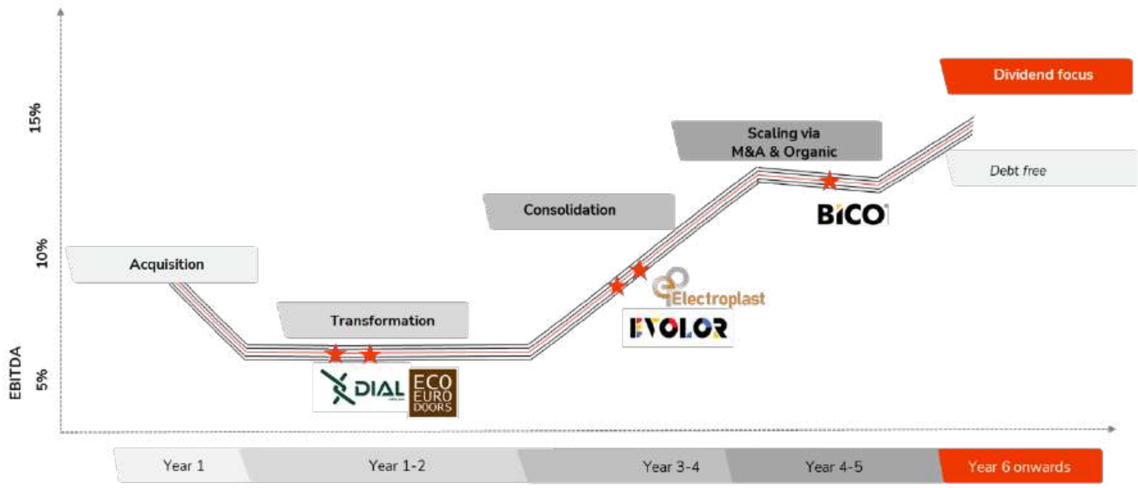
MISSION, OBJECTIVES, BUSINESS MODEL

Roca Industry's mission is to contribute to the reindustrialization of Romania by bringing under the holding's umbrella medium-sized companies that do not have access to capital from institutional investors. Through a structured transformational process, benefiting from the experience of ROCA Investments, the majority shareholder, ROCA Industry contributes to their efficiency and improved performance, aiming for regional leadership positions for portfolio companies.

Roca Industry's vision is to form a Holding of 8-10 building materials companies whose value will grow over time through the correct and consistent application of the right business strategies for each one.

ROCA Industry's business model is to invest as a majority shareholder in medium-sized companies and which, through a medium-term growth and efficiency process, will be integrated in a performing structure of a holding that holds all the prerequisites to be on the radar of institutional investors in terms of attracting capital and to produce more value for both shareholders and the economy as a whole.

The main stages of the transformational process are:



Transformation Phase: (estimated period: 2 years) - the company's performance after the acquisition decreases due to all the costs required for a future streamlining of the business (experienced management team integrated into the company, operations digitisation, rebranding, identification of new products and markets, investment in technology, etc.).

Consolidation Phase: (estimated period: 2 years) - the company becomes stronger, with a stable management team, a clear medium-term strategy, develops distribution channels, diversifies its product portfolio, or invests and uses new technologies. At this stage, the impact of operational efficiencies and synergies also emerges.

Scaling Phase: (estimated period: 1.5 - 2 years) - through organic development (investments in new technologies, new product development, access to new markets, including the foreign ones etc.) and inorganic development (through acquisitions of new national or regional companies with the aim of creating European players). During this period, because of all investments made in the first two stages, the company's performance is expected to decrease slightly until the integration of all processes or newly joined subsidiaries is completed.

Dividend distribution (estimated period: 5-6 years) – the company reaches a level of integration into the holding and development that allows for a significant reduction in financial liabilities (necessary both for their acquisition by the holding and for investments in operational efficiency). At the same time, a level of profitability sufficient to ensure a high level of dividends distributed to shareholders is achieved (more than 50% of distributable net profit, with the difference retained in the company for further development).

Unlike the business model of a private equity fund, ROCA Industry does not aim at exiting the companies it owns after they are operationally transformed, but at building a portfolio of companies that will contribute to the industrialization of Romania and generate results that meet the expectations of its shareholders

EXECUTIVE SUMMARY

The 2023 Directors' report of ROCA Industry Holdingrock1 S.A. contains a brief presentation of the company and its subsidiaries, presents the main events that took place during the year, explains the individual and consolidated financial results of the Company, including also the subsidiaries, provides an overview of the holding's strategy and prospects for 2024 and describes the main financial and business risks identified.

Year 2023 – key events:

- **Completion of the process of increasing the share capital of ROCA Industry, together with the admission to trading on the main market of the Bucharest Stock Exchange (BSE)**
- The **share capital increase process** was carried out in two stages between November 2023 and January 2024 (stage 1 - exercise of existing shareholders' pre-emptive rights to maintain their share in the total share capital and stage 2 - private placement, intended for existing shareholders and other investors). A total of 7.2 mn shares were subscribed at a price of RON 10/share, the share capital being increased from RON 176.9 mn to RON 248.7 mn.
- On 11 March 2024 ROCA Industry shares have been **admitted to trading on the main market of the BSE**, Standard category, approximately two years after the listing of the holding on the AeRO market, in line with the promises made by the majority shareholder.

- **Two acquisitions completed and one advanced negotiation underway in 2023 (completed in February 2024)**
- Full acquisition of **Iranga Technologijos, UAB**, by BICO (May 2023), a transaction through which BICO expanded its business in Lithuania;
- Completion of the acquisition of 99.99997% of the share capital of **Electroplast S.A. (June 2023)**, one of the largest producers of low-voltage copper and aluminium electrical cables;
- Negotiations during 2023 for the acquisition of 70% of the share capital of **Workshop Doors S.R.L.**, a company active since 2009 in the interior doors market in the region; the transaction was completed in February 2024;

- **Evolor completed the acquisition of a former paints factory, located on the Oltchim platform,** which will increase production capacity and enable the launch of new products from 2024.

Year 2023 – key financial results:

As the Company is admitted to trading on the main market of the BSE, ROCA Industry has prepared the consolidated and individual financial statements for the year 2023 in accordance with OMFP no. 2844/2016, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as amended. The Directors' Report for the year 2023, which includes the financial statements, has been prepared based on different accounting regulations from those underlying the preparation of the previous financial reports, i.e. OMFP no. 1802/2014, as amended. Therefore, the figures presented in the reports prepared under different standards cannot be comparable as the recognition principles under IFRS result in differences in the recognition and interpretation of financial information

For a faithful presentation of the development of the companies owned by ROCA Industry Holding in the period 2022-2023, as well as for comparability with previous periods, a summary of the individual financial statements of the productive companies in accordance with OMFP No. 1802/2014, as amended, is also presented in this chapter.

P&L Indicators OMFP 1802	Results for 2023 (RON th)			EBITDA margin 2023	Net margin 2023	Variation 2023 vs 2022		
	Turnover	EBITDA	Net result			Turnover	EBITDA	Net result
Evolor	96,209	15,025	439	15.6%	0.5%	24.9%	58.5%	-93.7%
Bico	141,234	2,938	(3,034)	2.1%	-2.1%	38.0%	-67.1%	N/A
Terra	41,141	1,996	319	4.9%	0.8%	-6.9%	-53.0%	-88.7%
Europlas Lux	4,181	(1,152)	(1,266)	N/A	-30.3%	-60.6%	N/A	N/A
Iranga	8,924	558	(321)	6.3%	-3.6%	-18.5%	N/A	-42.2%
EED	55,497	1,766	(7,801)	3.2%	-14.1%	-17.3%	-85.0%	N/A
Dial	50,697	3,113	(2,439)	6.1%	-4.8%	-22.5%	-60.2%	N/A
Electroplast	155,965	7,720	239	5.0%	0.2%	16.4%	-19.8%	-92.1%
Total companies	*553,848*	*31,965*	*(13,865)*	*5.8%*	*-2.5%*	*8.2%*	*-39.6%*	*-158.2%*
Roca Industry	-	(6,521)	3,266	N/A	N/A	N/A	94.6%	N/A
Total cumulatated	*553,848*	*25,445*	*(10,599)*	*4.6%*	*-1.9%*	*8.2%*	*-48.6%*	*N/A*

P&L indicators IFRS	Results for 2023 (RON th)			EBITDA margin 2023	Net margin 2023 Turnover	Variation 2023 vs 2022		
	Turnover	EBITDA	Net result			Turnover	EBITDA	Net result
Evolor	96,209	14,771	7,007	15.4%	7.3%	24.9%	54.2%	47.0%
Bico	144,963	5,377	(8,685)	3.7%	-6.0%	9.1%	-52.5%	6.9%
EED*	55,480	1,925	(8,797)	3.5%	-15.9%	40.6%	-62.5%	652.5%
Dial*	50,697	2,879	(4.705)	5.7%	-9.3%	318.8%	N/A	141.2%
Electroplast	78,515	5,434	837)	6.9%	1.1%	N/A	N/A	N/A
Total companies	*425,864*	*30,386*	*(14,343)*	*7.1%*	*-3.4%*	*62.9%*	*20.9%*	*121.5%*
Roca Industry	-	(6.335)	(6.788)	N/A	N/A	N/A	104.6%	93.8%
Total consolidated	**425,864**	**24,052**	**(21,131)**	**5.9%**	**-5.0%**	**62.9%**	**9.1%**	**111.8%**

***) The financial indicators include also the effect of the mergers with the special purpose vehicles through with their acquisition was realized**

In addition to the different recognition principles under the two standards, the differences in financial reporting between the two approaches are as follows:

- **Share of financial performance of newly acquired companies -** this depends on the percentage of each company's share capital acquired and the consolidation principles applied (depending on this percentage).
- **The period for which the financial indicators of the acquired companies have been included in the scope of consolidation** - this depends on the time of completion of the acquisition of a new company.

Further details on these two principles are given below.

Companies (% consolidation)	2023			2022
BICO	70% (Jan-Jul)	60% (Aug-Dec)		70%
Terra	70% (Jan-Jul)	60% (Aug-Dec)		70% (starting Apr)
Europlas	35% (Jan-Aug)	33% (Aug-Sept)	60% (Oct-Dec)	35% (starting Nov)
Iranga	70% (May-Jul)		60% (Aug-Dec)	-
EVOLOR	100%			100%
Doorsrock4*	100% (Jan-Jul, until merger with EED)			100%
Eco Euro Doors	100%			70% (starting Jun)
Nativerock1*	100% (Jan-Jul, until merger with DIAL)			100%
DIAL	100%			100% (starting Oct)
Electroplast S.A.	100% (starting Jul)			-

Year 2023 - key financial figures at consolidated level (IFRS):

- **Revenue at consolidated level** up by 62.9% compared to FY2022, both as a result of sales developments in certain segments and the impact that acquisitions (direct and indirect) have had in both periods.

- **Adjusted EBITDA at consolidated level of RON 24.1 mn** as at 31 December 2023, up 9.1% compared to the end of FY 2022, with an EBITDA margin of 5.6%, impacted by higher sales in certain segments, but with pressure on applied commercial margins, acquisitions of companies made in FY 2022 and FY 2023 (impact in the consolidated figures depending on the timing of the acquisition) and ROCA Industry's adjusted EBITDA (RON -6.3 mn, with no own operating activity). **EBITDA at the level of the productive companies was RON 30.4 mn,** compared to RON 26.7 mn in FY2022.

- The depreciation and amortization expenses (RON 22.9 mn, +71.6% vs. FY 2022 following new investments for production capacity expansion and operational efficiency and company acquisitions) and the financial expenses (RON 18.4 mn, double compared to FY 2022, mainly composed of interest expenses related to LBO (leveraged-buyout) credit facilities taken out to finance company acquisitions, as well as interest expenses related to credit facilities taken out by Group companies to finance investments and ongoing operations) decreased EBITDA and resulted in a **loss at consolidated level of RON 21.1 mn** during 2023 (RON 19.4 mn loss allocated to the parent company and RON 1.7 mn allocated to non-controlling interests).

Year 2023 - key financial figures at standalone level (IFRS):

- **Income at standalone level of RON 6.8 mn** (+10.8% in 2023 versus 2022), consisting of financial income (interest of RON 5.1 mn on intra-group loans granted and dividends of RON 1.5 mn).

- **Operating expenses of RON 3.5 mn,** mainly represented by the holding's operating costs, increased as a result of the expansion of the company's team, as well as new acquisitions of companies with an impact on their management costs. The figures are not comparable with FY 2022 (expenses of RON 15.9 mn) given the application in the financial statements as of 31 December 2022 of a prudent approach to adjusting the value of the stake held in BICO taking into account the possibility of difficult quarters during 2022, thus recording a value adjustment of RON 12.4 mn. In 2023, taking into account the evolution of the BICO Group as well as estimates of the evolution of the market in which it operates, part of this value adjustment was reversed (RON 3.7 mn).

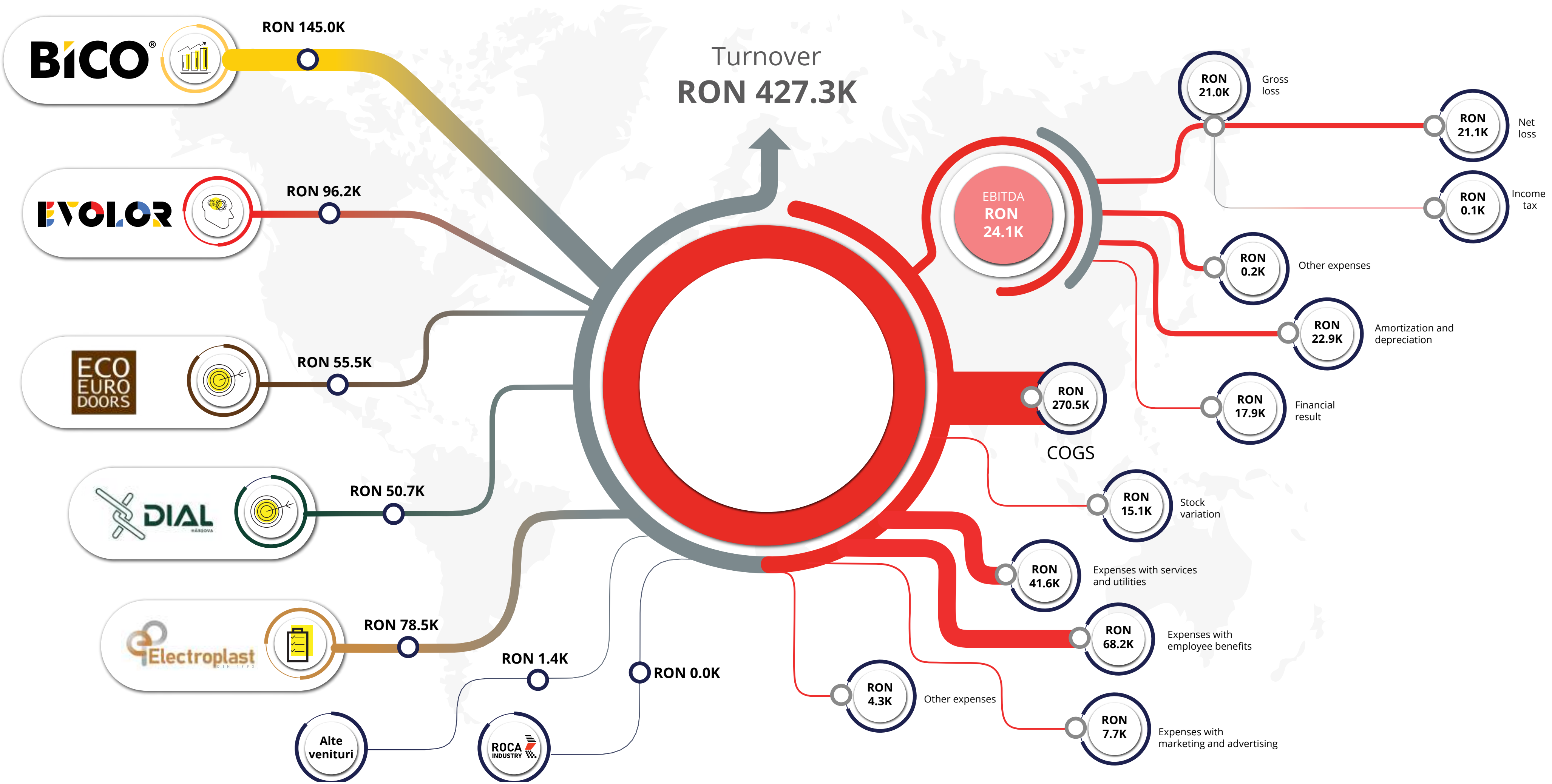
- **Net profit at individual level of RON 3.3 mn** versus a loss of RON 9.8 mn in 2022.

Holding's strategic guidelines

- **Development -** Create regional champions through:
  - Organic development, accelerated by investments in technology, new product development and access to new markets
  - Accelerated enhancement and development by acquisitions, both at the level of Roca Industry and at the level of its subsidiaries
- **Sustainability -** Integration at the level of subsidiaries production lines for construction materials and sustainable products;
- **Complex Transformational Process -** Create a culture and mindset of regional champions within companies based on principles of ethics, integrity, experienced management teams, and flexible business policies
- **Synergies -** Develop group synergies, unified acquisition and sale structures

Perspectives for 2024

- ROCA Industry will continue to make progress towards reindustrialising Romania; as of the beginning of 2024, the company has reached a significant number of companies, while the focus for 2024 will be to integrate the latest acquisitions, consolidating the companies acquired one year ago, and continuing to scale through investment plans initiated or under approval in the Holding's participations. At a consolidated level (excluding new transactions in which the holding is/will be involved during the year), the main objectives aim to ensure robust growth for the Group, resulting in a gross margin of 23%, EBITDA margin of 10% and a net margin of 1%.



Turnover
RON 427.3K
BICO
RON 145.0K
EVOLOR
RON 96.2K
ECO EURO DOORS
RON 55.5K
DIAL
RON 50.7K
Electroplast
RON 78.5K
RON 1.4K
Alte venituri
ROCA INDUSTRY
RON 0.0K
EBITDA
RON 24.1K
RON 21.0K
Gross loss
RON 21.1K
Net loss
RON 0.1K
Income tax
RON 0.2K
Other expenses
RON 22.9K
Amortization and depreciation
RON 17.9K
Financial result
RON 270.5K
COGS
RON 15.1K
Stock variation
RON 41.6K
Expenses with services and utilities
RON 68.2K
Expenses with employee benefits
RON 4.3K
Other expenses
RON 7.7K
Expenses with marketing and advertising

ROCA INDUSTRY ON THE CAPITAL MARKET

SHARE CAPITAL INCREASE AND ADMISSION TO TRADING ON BSE MAIN MARKET

On 11 March 2024 ROCA Industry's shares were admitted to trading on the main market of the BSE, the Standard category. The Company's experience on the Romanian capital market dates, however, back to 27 January 2022 when, 3 months after incorporation, Roca Industry shares were listed on AeRO market, the stock segment of the Bucharest Stock Exchange Multilateral Trading System under the symbol ROC1. Previously, in December 2021, the company successfully held a private placement of its stock during which 4,500,000 share were issued at 10 RON/share to 120 shareholders.

In June 2023, ROCA Industry shareholders approved during the Extraordinary General Meeting of Shareholders the increase of the Company's share capital by up to RON 150 mn (nominal value) through cash contribution and by converting some receivables against ROCA Industry from the Electroplast acquisition, by issuing up to 15 mn new shares with a nominal value of RON 10/share. At the same time, the shareholders also approved the listing of the Company on the regulated market of the BSE.

The share capital increase process was conducted in two stages between November 2023 and January 2024. The first stage was for existing shareholders at the record date who were able to exercise their pre-emptive rights to maintain their share of the total share capital (stage completed on 10 January 2024), and the second stage was for existing shareholders and other investors. At the end of the share capital increase process, a total of 7.2 mn shares were subscribed, the share capital being increased from RON 176,945,730 to RON 248,672,220.

At the end of 2023, ROC1 shares were held by 656 shareholders, legal and natural persons, among them Roca Investments holding a participation of 60.80% of the share capital. On 22 February 2024 (registration of share capital increase by the Central Depository), ROCA Industry had 720 shareholders, ROCA Investments weight being of 65.95% from the share capital. ROC1 shareholding structure, in accordance with the information provided by the Central Depository on 31 January 2023 and 22 February, is the following:

	Shareholding structure at 31 December 2023			Shareholding structure at 22 February 2024		
	Number of shares	Value (RON)	% of total	Number of shares	Value (RON)	% of total
ROCA Investments SA	10,757,557	107,575,570	60,80%	16,398,834	163,988,340	65,95%
Other shareholders	6,937,016	69,370,160	39,20%	8,468,388	84,683,880	34,05%
Total	**17,694,573**	**176,945,730**	**100%**	**24,867,222**	**248,672,220**	**100%**

LIQUIDITY AND SHARE PRICE

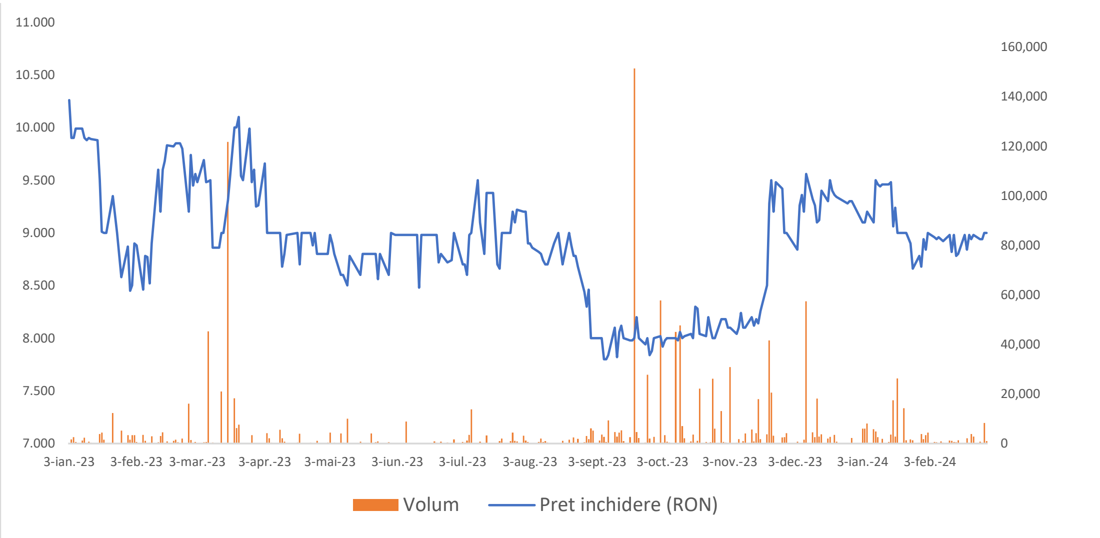
During the period when ROC1 shares were listed on the BSE AeRO Premium market, these were included in the composition of the BVB index, BET AeRO (the benchmark index of the AeRO market managed by the BVB). In 2023, ROCA Industry was the third most traded company on the AeRO market managed by the BVB, considering DEALs. With the listing of shares on the BVB main market, Standard category, one of the Company's objectives for 2024 is for ROC1 shares to be included in the composition of a relevant BVB index for the main market.

During 2023, ROC1 shares attracted liquidity of RON 18.4 mn (2.2 mn shares, approximately 12.4% of the total number of the company's shares), with an average daily turnover of RON 74.3 thousand and an average daily turnover of over 8.9 thousand shares. In this calculation, DEAL transactions were also considered.

Year 2023 was a volatile one in terms of the evolution of the ROC1 share price, a trend also observed in the BSE indices. Thus, with a low of RON 7.8/share and a high of RON 10.26/share, ROC1 shares closed 2023 at a price of RON 9.3, 13.1% lower than at the end of 2022. This development was partly generated by transactions conducted by Roca Investments in December 2022 whereby the fund, the majority shareholder of ROCA Industry, increased its holding.

The first two months of 2024 continued to be marked by volatility. Having transactions worth in total RON 310 thousand (daily average of over RON 14.5 thousand), ROC1 shares recorded a maximum price of 9.5 RON/share (9 January 2024) and a minimum price of 8.7 RON/share (26 January 2024).

The daily volume and closing price of ROC1 shares between 03 January 2023 - 29 February 2024 (without taking into consideration the deal transactions)



In the challenging macroeconomic context that affected the companies of the Group, their outcomes also affected the price of the shares which dropped by 16% between 1 January 2023 - end of February 2024, up to the level of 9.0 RON.

After a minimum of 7.8 RON/share recorded in September 2023, the price of ROCA Industry shares gradually regained the previous loss, also due to intensification of transactions on the market.

Such evolution may also be correlated to the increase in the investors' interest in the context of the share capital increase carried out between December 2023-January 2024 and awaiting the listing of the Company on the BVB regulated market.

INVESTOR RELATIONS

During 2023, the Company continued to communicate efficiently and transparently with the investors. In this respect, throughout the year, the interested investors received information on the novelty from the Group companies through the monthly Newsletter. Management was engaged in activities dedicated to the investors by organising two conferences with the investors broadcasted live through webcast, the support documents were available on the Company's website, at the section Investors > Investor Presentations. The Company also participated in the session 'View on the Romanian Small Caps' organised by Bucharest Stock Exchange during the event Romania & Frontier Investor Days, the first event of this type where the companies listed on AeRO market were invited to attend. In December, the Company participated in the event Quarterly Report organised by Tradeville especially for the retail investors.

In order to ensure ongoing and transparent information, the Investor Relations Department distributed a series of reports and communications on the Bucharest Stock Exchanges, as well as to the Financial Supervisory Authority, together with posting them on the Company's website.

During 2023, ROCA Industry was selected to participate in the programme Investor Relations and Liquidity Support Programme (IRLSP) launched in Romania by the European Bank for Reconstruction and Development (EBRD) and Bucharest Stock Exchange (BVB), in collaboration with Vertik. This programme was developed with the aim of supporting the companied listed on the Romanian capital market, with a view to increasing visibility in the capital market and improving liquidity. After deliberations, three participants were selected from the listed companies who applied for the programme, of which 2 companies on the BVB regulated market and one from AeRO. The programme unfolded over a period of 9 months, with companies receiving support from a team of professional consultants in investor relations and tailored communication, including strategy development, creating an Equity story, and providing support in the implementation of the investor relations strategy for 6 months following its delivery.

DIVIDEND POLICY

In line with the Corporate Governance principles applicable to issuers the securities of whom are traded on the main market operated by Bucharest stock Exchange, Roca Industry adopted a dividend policy as a set of guidelines for the distribution of net profit.

The principles of the policy take into consideration the holding's business model. ROCA Industry invests as majority shareholder in average sized companies that do not have access to the capital market or institutional investors to finance their growth, such companies subsequently following a transformational process intended to streamline and enhance performance, with the purpose of becoming regional leaders. Therefore, after an estimated period of 5-6 years, the companies reach a level of integration in the holding and development that enable to significantly reduce the financial debts (necessary for their purchase by the holding, and the investments for operational efficiency). A level of profitability is also reached enough to ensure a high level of dividends distributed to the shareholders (over 50% from the distributable net profit, the difference being kept in the company for further investments).

On medium term, ROCA Industry has therefore the purpose of building a robust portfolio of companies meant to bring a positive impact in the economy and contribute to the industrialisation of Romania, also generating time and value for its shareholders.
The relevant principles with reference to the dividend policy are set out below:

- The company recognizes the rights of shareholders to be remunerated through dividends, representing the participation in the net profits accumulated from operations as well as the remuneration of the capital invested in the company.
- Dividends are distributed from the Company's net distributable profit based on the individual audited annual financial statements and/or from Company's other items of equity, and not from the net profit according to the annual audited consolidated financial statements.
- The dividends distributed and paid by the Group's Subsidiaries in year N (related to year N-1 results of the Subsidiaries) are recorded as finance income in Company's individual financial statements in year N and thus constitute the source of the net result from which the Company proposes and pays dividends to its shareholders in year N+1 (related to the Company's result of year N).
- Profits obtained by the Company through the collection of dividends from the Subsidiaries will be directed both to the distribution of dividends to the Company's shareholders and to the financing of development plans, as needed.
- The Company does not intend to propose distribution of quarterly dividends.
- The company proposes to reward its shareholders also by granting free shares, following the capitalization of part of the net profits earned by the company.
- The proposal for the distribution of dividends, in the form of free shares or cash, including the rate of distribution, will be made by the Company's Board of Directors, subject to the approval of the General Meeting of Shareholders, adopted in accordance with the law.

In selecting a certain dividend pay-out ratio according to the dividend policy, the Board of Directors shall take into consideration the following:

- reducing the fluctuations in dividend yield from one period to the next, as well as the absolute dividend per share value;
- Company's investment needs and opportunities;
- contributions of non-monetary items to net reported profit, if the case;
- financial resources available for dividends payment as well as the Company's indebtedness;
- setting up a dividend yield comparable to other listed companies in the industry or related sectors.

Any change in the dividend policy will be communicated to investors, and any interested party will be able to access it on company's website at the link **Corporate Governance | ROCA Industry.**

Established in September 2021, the holding Roca Industry mainly recorded operating expenses intended to render the holding functional. As the Company recorded net loss in 2022, during 2023 has not distributed dividends to the shareholders.

Regarding 2024, the objective of the Holding is to continue to integrate all the companies purchased from establishment. Strengthening the group requires financial resources for operational efficiency, embracing new channels of distribution and expansion of the new ones. This is why Roca Industry management estimates that in the following period the generated dividend income will be allocated mostly to these development plans.

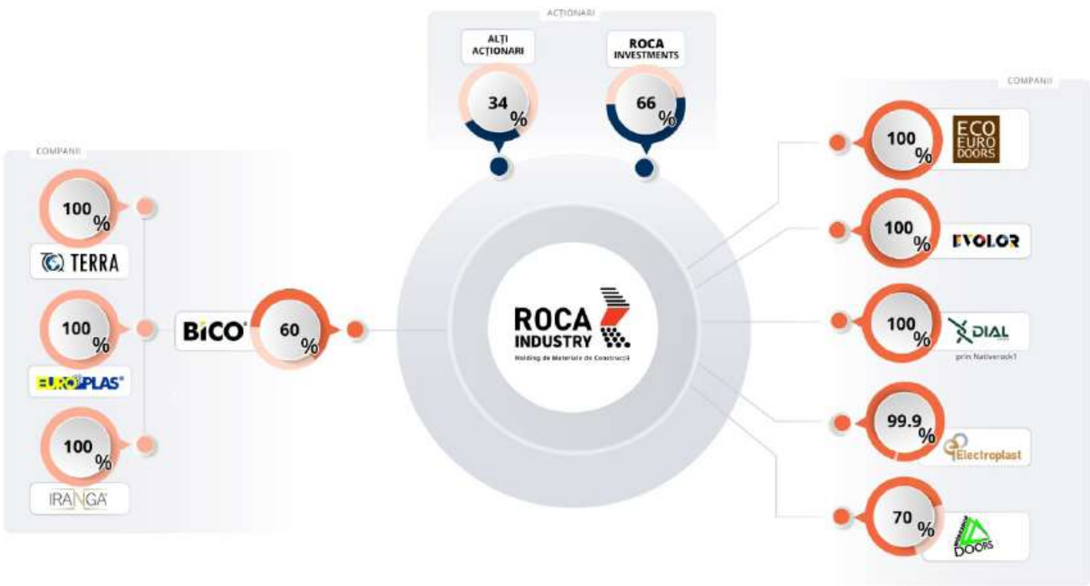
ABOUT ROCA INDUSTRY HOLDINGROCK1

ROCA INDUSTRY HOLDINGROCK1 S.A. („**Roca Industry**", „**Compania**" or „**ROC1**") is a Romanian company, established in September 2021 and listed in January 2022 on the AeRO Premium market of BSE. In January 2024, the process of increasing the company's share capital with a total amount of RON 71.7 mn was completed and starting with 11 March 2024 ROCA Industryțs shares are listed on the main market of the BSE, Standard category.

ROCA Industry is the first strategic project of ROCA Investments, which groups under the umbrella of a specialized holding Romanian companies producing construction materials. Benefiting from the experience accumulated over time by its majority shareholder, ROCA Investments, the Company aims to develop and scale strong and sustainable domestic brands both based on a common strategy and through the synergies generated from their activity. In a fragmented world economy, ROCA Industry builds a structure capable of quickly adapting to multiple and unpredictable changes in order to bring added value to its shareholders on the medium and long term.

As a holding, by its nature, until now Roca Industry has not carried out its own operational activities. Specific to the business model of a holding, Roca Industry operates and implements the business strategy through its directly owned subsidiaries **BICO INDUSTRIES S.A.**, **EVOLOR S.R.L.**, **ECO EURO DOORS S.R.L.**, **DIAL S.R.L.**, **ELECTROPLAST S.A.** and **WORKSHOP DOORS S.R.L.** as well as through those indirectly owned, through **BICO INDUSTRIES – TERRA IMPEX S.R.L.**, **EUROPLAS LUX S.R.L.** and **IRANGA TECHNOLOGIJOS, UAB**. These subsidiaries operate in the field of construction materials, more precisely in the production of fiberglass and fiberglass reinforcement (BICO, TERRA, EUROPLAS LUX and IRANGA), the production of varnishes, paints and decorative plasters (EVOLOR), the production of doors for residential constructions (ECO EURO DOORS and WORKSHOP DOORS), the production of edged panels and fence mesh (DIAL), respectively the production of low voltage copper and aluminium electrical cables (ELECTROPLAST).

The structure of the companies directly or indirectly owned by ROCA Industry is detailed below.



The way of structuring the acquisitions of new companies is part of ROCA Industry business model. For most of the direct acquisition, the Company set up a special purpose vehicle (SPV) which aims to provide the necessary financing structure for respective transaction. Through the SPV the process of acquisition of a new company is carried out by a financing structured in the form of an LBO (leveraged buyout). As the purchased companies are mature companies, with strong and reliable cash flows and well-established products, at least 50% of the purchase price is provided with by the bank finance obtained by the SPV, while the rest comes from own sources of the holding. The credit facility guarantees are secured by the assets of the target company, ensuring that an acquisition does not impact the entire holdings portfolio of companies and mitigating the risk of investment confirmation. In the post-transaction period, in accordance with the provisions of the credit agreement, the purchased company merges with the SPV, the latter being the incorporated company.

For these reasons, in the previous period three SPVs were part of the group, these being absorbed during 2022 and 2023 by the companies they acquired.

The largest producer of fibreglass mesh in Central and Eastern Europe and the third largest producer in the European Union

Bico is **the largest producer of fibreglass mesh in Central and Eastern Europe and the third largest producer in the European Union**. The company was established in 2006. Until July 2023 ROCA Industry held 70% of the company's share capital, while its founder held 30%. After a capital increase by the founder, he increased his holding to 40% and ROCA Industry is the majority shareholder with 60% of the share capital. BICO succeeded in building and retaining in the team professionals in the field, with experience of more than 20 years. It holds three subsidiaries (Terra, Europlas and Iranga) that were acquired during the last two years in order to strengthen its regional presence. BICO group is focused on the production of fiberglass mesh for ETICS (External Thermal Insulation Composite System), fiberglass mesh for other industrial materials and fiberglass reinforcement mesh bonding.

The BICO Group has an installed capacity of 120 mn square meters and operates in the market under two brands: BICO and Terra, both in national and regional dealer networks and in DIY store networks nationwide. It carries out its activity **in five production facilities**, of which **two in Romania**, at Piatra Neamț (production of glass fibre and glass fibre or polyester reinforcement for reinforcement of industrial products, as well as PVC/ALUMINIUM angles with fiberglass mesh), and at Vaslui (production of fiberglass mesh for thermosystems), **two in the Republic of Moldova**, through **Terra, Europlas** (production of fiberglass mesh for thermosystems), and one in Lithuania, through **Iranga** (production of fibreglass mesh and reinforcement for the reinforcement of industrial products with two months of high-performance production).

Terra, a company wholly owned by BICO since March 2022, is one of the largest fiberglass mesh producers from Eastern Europe, having installed in the Exclusive Economic Zone Vulcănești, Republic of Moldova, a production capacity of over 30 million sqm/year. This production facility was established in 2011, and the official market launch of Terra products occurred in 2012. Terra products abide by the highest European standards for resilience and durability, have the necessary accreditations from the quality control institutes for building materials in Romania, Czech Republic and Germany. With over 180 employees, nearly 50% from its capacity is intended for the Romanian market, and the rest of 50% is sold in the European Economic Area.

Europlas, a company wholly owned by BICO since November 2023, specialises in the production of reinforcing mesh, has an installed production capacity in the European Economic Area of Ialoveni, Republic of Moldova of 7 million square meters of reinforcing mesh per year, adding 10% to the production of fiberglass mesh for the ETICS systems owned by the brands Bico and Terra. The production facility was established in 2017, and the official market launch of Europlas products occurred in 2018.

Iranga, Lithuania, operates on the market of technical and construction textiles, providing solutions relying on a complex range of technologies for the production of fiberglass fabrics and composite materials by fabric lamination, which activity is similar to one of the business lines held by Bico.

BICO has reached the scaling stage. The year 2023 was marked by the integration stage of the acquired companies (e.g. Iranga), but also by the process of refurbished the production lines at Europlas, by moving equipment from the Vaslui plant, and those of Terra, by upgrading the technologies in the production flow. The investments made as well as the integration process of the companies temporarily affected BICO group's performance (consisting of BICO, Terra, Europlas and Iranga). It has implemented a recovery plan since the second quarter of 2023, targeting concrete cost reduction measures, identifying specific areas of work and related projects. This plan was implemented by the end of the year. As main actions after the acquisitions, the company is focused on expanding its European markets and diversifying its technical products based on its current capacity and technology.

BICO products are destined for both domestic and European markets, with exports accounting for 58% of total sales in 2023, up from 2022. On the Romanian market, the company is present in national and regional distributor networks, as well as in DIY stores nationwide. In the context of fluctuating raw material prices in 2022-2023, 2023 involved de-stocking actions, with strong impact on profitability, but which supported the maintenance of sales volumes in the Romanian market, capturing market share and gaining a lead over main competitors. The estimated market share by extrapolating data on volumes used in thermosystem was 70% for the Romanian market in the fiberglass mesh segment at the end of 2023.

On the external market, in the first part of the year, BICO Group recorded delays in the process of marketing fiberglass mesh products, delays caused by the latency of external markets, particularly Italy, which stands for a significant share in the total export for the company. In the second part of the year, the company has intensified efforts to expand the geographic sales pool, succeeding in opening trade relations with Poland, UK, France, Slovakia, Portugal, the Baltic countries and the Nordic countries. Also, by the process of taking over the Lithuania factory which included to undertake commercial relations with its clients, the Group gained a market share at the level of the EEA, activating new sales channels on the internal market and for exports. BICO has at the time of this report trade relations with more than fifteen countries in the European Union (Italy, Germany, Greece, Bulgaria, Poland etc.), with the Republic of Moldova and Ukraine, and, in the context of demand contraction in the segment on which it operates, it has strengthened its market share at EEA level, reaching about 12% (according to company estimates), registering an advance towards the main competitors.

In this context, during 2023, BICO Group has an increase in the delivered volumes compared to 2022 and varies in accordance with the category of products (+11% mesh, +14% Turbotex).

To support the commercial plan for national and regional expansion, the Group conducted in Romania, in August - September, its first communication campaign with the slogan "Attention, the plaster DOES NOT fall!", which aimed to raise awareness of the importance of the product and its quality in construction. The campaign had positive echoes both from the consumer area and from the commercial partners and she was awarded Bronze at the international advertising festival Golden Drum from Slovenia.

Transaction-wise, during 2023, BICO extended its activity in Lithuania, by purchasing the company Iranga in May. Subsequently, in November, purchased an additional package of 45% from the share capital of Europlas, becoming therefore the sole shareholder of the company. Consolidation of operations in the Republic of Moldova has a number of strategic advantages:

- The import of fiberglass thread into the EU is subject to anti-dumping duties that can reach up to 40%. By processing it in the Republic of Moldova, where this tax does not apply, the cost of raw materials is significantly reduced;
- Companies in the Republic of Moldova are located in Free Zones, which generates significant tax advantages. Additionally, a series of costs such as salaries, are much lower in the Republic of Moldova;

By increasing capacity by over 50%, considering facilities with varying technical levels and cost structures, BICO can establish a diversified commercial policy, addressing all market needs. Additionally, these BICO brand consolidations position the company as one of the strongest players in Europe, capable of competing with industry giants in terms of product quality and efficiency. Given the expansion of BICO Group and to mitigate market risks, BICO has also initiated an analysis process regarding product portfolio diversification, both by products for other industries and suitable formats based on demand, resulting in the listing of new products across all business lines. Essentially, this process means the launch of new products in 2024.

As top producer on the European market, BICO Industries is member of the Association of European Technical Textile Producers, an association that aims and ensures compliance with the Green Deal European Pact, which aims to create a climate-neutral economy. All products marketed under company brands are technically approved and all products marketed under BICO brand have European quality certificates. BICO Industries provides traceability of the product's quality in the area of the raw material procurement, both by engaging suppliers based on quality criteria and areas of origin, as well as by implementation of a quality assurance process for each batch.

During 2023, BICO completed an investment project at the Vulcănești factory of Moldova, worth 1 Mn. EUR which has implied the installation of a new knit production equipment with capacity of 10 Mn. square meters annually. Another investment was the revamp of Vaslui factory, worth 2 Mn. EUR, by installing a robotic packaging cell.

The end of 2023 was marked by integrating teams, strengthening the commercial strategy by creating a common product portfolio and segmenting markets for optimal coverage of each type of customer. At operational level, efforts to automate work and automatically measure production processes have also continued.

PRODUCT PORTFOLIO

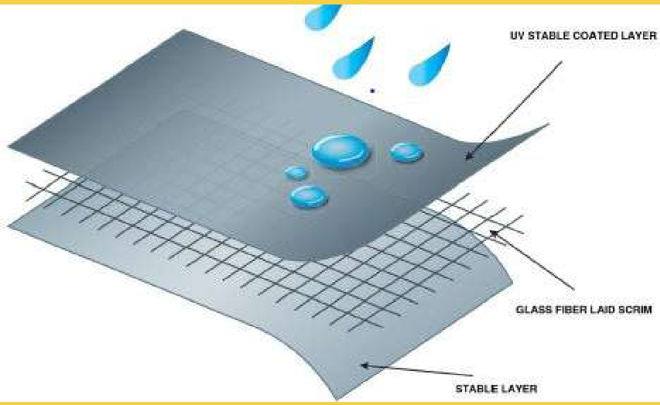
After gaining experience and expertise in the field, Bico Group decided to launch a large range of products, which includes:

1. Fiberglass mesh used as reinforcement element in the External Thermal Insulation Composite System (ETICS) based on mineral wool, expanded polystyrene or any other type of thermal insulation board.

This products range are made of “E-glass” yarns and have special properties to provide high tensile strength and a high resistance in the alkaline environment. Are used for reinforcement of internal and external plasters, with the aim of reinforcing exterior thermal insulation composite systems, thus preventing plaster defects.

2. Fiberglass scrim specially designed for the reinforcement and dimensional stabilisation, by laminating, of industrial products.

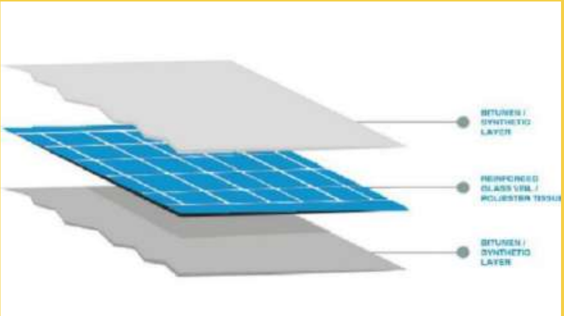
This product is made of continuous filament fiberglass which are laid down in an open mesh structure and chemically welded, is specially designed for the industrial products that need a substantial improvement of their mechanical properties, being the element that guarantees a high tensile strength and perfect control of the elasticity of the finished material.

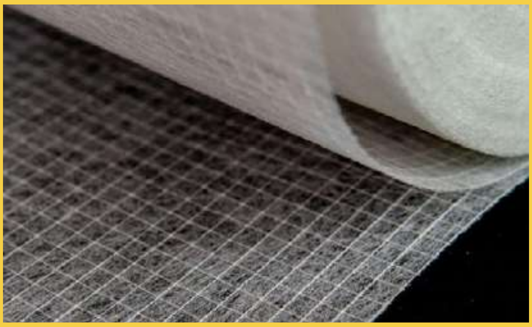


This fiberglass scrim is suitable to be included in a laminating process characteristic of the production of materials composed of two or more laminated layers, such as: roofing membranes, synthetic membranes, roofing underlay, aluminium foils, thermal insulation materials and other materials that tend to break easily (nonwoven materials, foils, films, papers etc.).

3. Fiberglass reinforcement is a composite product, obtained by laminating the nonwoven mesh on nonwoven materials or films.

With a high resistance to delamination, fiberglass reinforcements are designed for the reinforcement and dimensional stabilisation of bituminous and synthetic membranes that are used in both industrial and civil buildings..





4. Fiberglass reinforcement is a range of products that contains PVC or ALUMINIUM L profile, with fiberglass mesh used for strengthening, protection and ensuring aesthetic exterior corners on surfaces finished with different types of plaster.

COMPETITIVE DIFFERENTIATION

Bico the largest producer of fibreglass mesh in Central and Eastern Europe and the third largest producer in the European Union.

EVOLOR

One of the largest players in the paint and varnish industry

EVOLOR, company entirely held by ROCA Industry since 2021, was established in 1993 under the name Sarcom and is **one of the largest players in the paint and varnish industry** with a market share of around 10% on the decorative paints and varnishes market in Romania. The company is focused on the production of paints, primers, varnishes, thinners, washes, adhesives, decorative coatings, and stains. It has seven main production departments for the products in its portfolio, mainly for the domestic market. With its two product ranges, EVOLOR addresses consumer needs in a balanced way, offering both affordable products (STICKY) and products for the premium area (Coral), mainly destined for the domestic market, predominantly distributed through national chain stores.

The company undergoes an accelerated development process set out in 2021 when it joined the ROCA Industry portfolio and managed to successfully overpass the transformation step and is under **full consolidation.**

2023 opened a new chapter for the company, beginning with rebranding Sarcom (which became EVOLOR), but also with the reconstruction of the commercial brands. As part of the marketing plan, the company completed the repositioning of the two commercial brands, Coral and Sticky, enhanced their online presence and initiated the first communication campaigns to the end consumers, which campaigns were conducted OOH on the radio, as well as online.

From the commercial perspective, 2023 was the year which kickstarted the export activities, and the products reached the markets of Republic of Moldova and Israel. EVOLOR main market remains the Romanian market of decorative varnishes and paints, which are predominantly intended for the residential sector. One of the key-objectives was to extend the presence of the products, so the products marketed under its own two brands are now present both in the DIY shops, and in the traditional shop network, enhancing their accessibility to consumers. This strategy allowed the company to successfully place the products in the important shops in the field of constructions and interior design, such as Dedeman, Leroy Merlin and Brico Depot, representing essential resources for access to a wide range of residential customers. It was furthermore extended the distribution through a network of 1,100+ traditional shops, by establishing close partnerships with local distributors. This move not only diversifies the sale channels of the company, but also enhances the presence of EVOLOR in the local communities; it is now safe to say that at the end of 2023, EVOLOR has national coverage, both by the distribution from Key Accounts channels, and by the traditional retail.

As a result of these actions, the evolution of sales in 2023 was exceptional, as official reports confirm the downturn in the industrial branch, the decrease in the consumer price index for paints and varnishes, and the de-stocking pressure on sales channels also increased. The company managed to come close to the budgeted level in 2023, as the budgeting included a lower-than-market inflation rate as an assumption.

In parallel, the company has put into practice a process of short-term and medium-term cost-effectiveness, by reviewing and supplementing the vendors portfolio and seeking POIM (Operational Programme for Large Infrastructure) financing for additional energy efficiency.

The development strategy reflects the company's commitment to invest in sustainable increase of business enabling transformation into a regional champion. A significant stage of this strategy was to purchase in the second part of 2023, given that the company approached the maximum production capacity, of the former paint factories Chempro, located on the Oltchim platform of Râmnicu Vâlcea. This purchase also included the purchase of land in the vicinity, in order to allow the development of new production, logistic and administrative capacities. Such expansion enables EVOLOR to enhance its presence in the region, becoming a key-actor in rejuvenating the area and initiates the stage of organic scaling from the Holding's business model.

In parallel with this expansion, in 2023 a technological upgrade was carried out for the production line of washable primers and paints, and investments scheduled in the ESG plan were initiated, by installing a second fleet of photovoltaic panels, which allows the use of renewable energy sources, thus reducing the carbon footprint of operations. These investments are part of a multiannual plan which will be carried on during 2024. The company made the first ESG report also in 2023, under which it implemented a complex plan of measures, integrating the ESG-specific objectives in the business objectives.

All products manufactured by the company abide by the EU regulations for classification in volatile organic compounds and are technically approved by the Ministry of Development, Public Works and Administration, through the Permanent Technical Council for Construction. In addition, all Sticky and Coral products which contain biocidal ingredients are approved by the Ministry of Health, National Commission for Biocidal Products.

PRODUCT PORTFOLIO

The company has a wide range of products split in several product categories: interior and exterior washable paints, decorative plasters, water-based and fast-drying enamels, varnishes, alkyd paints, primers, thinners and complementary products, super-concentrated pigments.

The company's reputation and popularity are mainly based on the Sticky and Coral brands, for which the company has started a process of brand building, positioning and related marketing plans.

Product distribution is managed by specialised sales teams that professionally address each sales channel.

COMPETITIVE DIFFERENTIATION

EVOLOR is one of the largest players in the paint and varnish industry with a market share of around 10% on the decorative paints and varnishes market in Romania which is now entering a new phase of development.

The largest Romanian manufacturer of doors for residential buildings

EED is the **largest Romanian manufacturer of doors for residential buildings**, with 27 years of experience on the market. The company is part of the group since May 2022 (majority shareholder with 70% of the share capital), ROCA Industry becoming sole shareholder at the end of 2022 after acquiring an additional 30% stake from the founders. With a factory of 10,000 m2, storage capacity of over 8,000 m2 and additional land of 36,000 m2, the company offers a wide range of products (folded doors, painted doors, and ready-to-paint doors), addressing both the need of customers for standard products and those who require non-standard sized products. EED products are distributed nationally through the Dedeman DIY chain of stores and other specialist retailers and distributors.

In 2023, the company has gone through the downward curve of the business model, it is still in the **transformation stage**. As part of this phase, and to form the right structures for growth, the management team formula as well as its composition underwent changes. A recruitment process was initiated to supplement the management roles in the company, focusing on the commercial impact roles. This process is conducted for all the companies who joined the holding, in order to make the transition to the intended business model, it also involves building responsible assumed management teams, who can build strategic plans and implement them successfully. In this respect, it was identified the need for new roles in the organisation, such as quality control or human resources management, and people have been recruited in this respect; at the end of 2023 the company's organisational structure under evolution was defined and will be supplemented and completed in 2024.

As part of the commercial strategy, at the end of 2022 and beginning of 2023 a process for product portfolio review was initiated in terms of performance and sales weight, but also in terms of consumers' needs. A consumer market research has been conducted with the purpose of understanding their updated needs, the process and most important factors in the decision to buy, the purchase channels and their weight in the market, the ways of informing about the purchase of interior doors. The conclusions of the research underpinned the redefinition of the product portfolio, together with the distribution channels expansion strategy. As such, the company rejuvenated in the second part of the year the product portfolio by introducing antibacterial foils, new models, as well as introducing accessories suitable to market requirements, and developed a partnership for a new sales channel, i.e. in the residential real estate projects area. Also at the end of 2023, the company registered with OSIM two trademarks under which it intends to market products in the future.

At the 2023 level, the company's performance was below budgeted expectations, influenced by the distribution profile with one customer with a significant share of turnover, the lack of a complete and adequate commercial structure, and the general market situation which suffered a decrease in demand. However, the company has put its investment plan into practice by commissioning new equipment totalling over EUR 700 thousand which will remove a number of bottlenecks in production and increase capacity, flexibility, and production efficiency and purchased and commissioned a new high-productivity profile laminating machine. Currently, the company seeks to streamline the production process by organising internal flows for the mass production and production of atypical doors, in order to address the market's requests in an optimal way. In addition, EED made a big step in the energy efficiency process, by completing the installation of photovoltaic panels for lower energy costs.

The company has the FSC accreditation that validates the traceability of raw material sources and the sustainable exploitation of wood, thus obtaining one of the mandatory certifications for export to European markets, but also for the listing of its products in national store chains, part of international groups.

PRODUCT PORTFOLIO

The company produces and sells three categories of standard doors: veneer doors, reflecting 28% of total sales, painted doors - with a contribution of 34% to the turnover, and doors ready for painting, having a 36% share in the income obtained during 2023.

A new production policy for atypical doors with special dimensions was started, which supplements the door portfolio, with a share of 2% in the total main income of the company. Additionally, to address its clients' needs, EED offers for sale various accessories (9% from turnover) and merchandise (3% from turnover).

One of the largest producers of fence panels and fence mesh

DIAL is a company specialized in the **production of edged fence panels, braided fence mesh, Rabitz mesh, rectangular posts and more**, with 30 years of experience in this market. The company, acquired by ROCA Industry at the end of 2022, is in the **1**. DIAL's portfolio comprises more than 200 products that are mainly distributed nationally through DIY chains and other specialist retailers and distributors. As it carries out its activity in a geographical area where the industry has been developed over time, the company has access to specialised workforce, with most of the employees (qualified personnel) is part of the company on the long run.

2023 was the year when the commercial management team was supplemented and when the sales team developed to implement distribution at national level. An additional action was to sign the final takeover of the new production and storage hall, of 5,000 m2 in the second quarter of 2023 which will give the possibility to increase production, and access new business lines. Therefore, at the time of this report, the company has total built area of production and storage of about 11,000 m2 and a production capacity of 10,000 tons/year.

The market for wire products is a competitive market with a relatively large number of producers and has been affected in 2023 by fluctuations in raw material prices, but also by rising energy prices. In this regard, during 2023, DIAL accessed the Electric Up programme through which the siting and installation of photovoltaic panels with a capacity of 120.54 kW was completed, a process that will be continued in the coming period.

From the commercial perspective, in 2023 reorganisation of the active assortment of products, classification of types of products and their role in the company's portfolio, and the development of the sales team for the distribution at national level were carried out. Given the economic conditions, access to specialised young staff can be challenging in the future, like most industrial branches. The geographical location of the company, at distances almost equal between the areas Constanța - Tulcea –Galați / Brăila, as well as the development of the rural infrastructure, helps to extending the recruitment area, especially in the area of the support department expertise, which have a short local supply.

In addition to increasing exports, which accounted for 5% of the company's sales in 2023, one of the main priorities in the coming period is the extensive nationwide development of the customer network. To better understand consumer needs, and anticipating the need to diversify the product portfolio, the company completed market research in the second half of the second semester on what products mean to consumers.

At the end of 2023, Dial completed the rebranding process embracing a new visual identity more suitable for the typology of products and launched the new product catalogue.

PRODUCT PORTFOLIO

The main products offered by Dial Hârșova are:

1. Edged panels, fence or synthetic, are used to enclose workshops and factories, parks and gardens, public buildings, shopping centres and sports complexes. The panels are made by welding pre-galvanised wires that provide protection against corrosion, and then plasticised in fluidised bed (in the case of plasticised panels).

2. Fence mesh, woven or covered in PVC, is used to enclose households, vineyard, factories, shopping centres and sports complexes, but also for cages and enclosures for animals. The fence mesh is recommended due to its resistance and is made of metal wires with different diameters between 1.6-2.8 mm.

3. Rolled welded mesh is a product made by spot welding galvanised wires and is used particularly for delimitation of roads, railways and highways, as well as for building cages for animals and fencing agricultural farms.

Among other complementary products, Dial also produces rectangular poles, Rabitz mesh and various types of wire.

COMPETITIVE DIFFERENTIATION

Fluidised bed lamination section is the only one in Romania, and the products resulting from this technological process are high quality products that ensure increased durability, corrosion and UV resistance, easy handling, but also environment friendly.

One of the largest manufacturers of low voltage copper and aluminium electrical cables

Electroplast, with 30 years of experience, **is one of the largest manufacturers of low voltage copper and aluminium electrical cables**. ROCA Industry acquired 99.99997% of the share capital of ELP at the end of June from ROCA Investments, its majority shareholder. The company has gone through the transformational holding company model during the years under the ROCA Investments umbrella and is now in the **consolidation stage** having at the time of this report a complete management team with proven know-how. In the railway cable sector it is the market leader (a highly regulated market in terms of certifications/quality, with some of the most complex and high quality products), while at the same time the company is actively oriented towards existing trends at European level that require increased safety standards in the construction sector, but also energy efficiency, sustainability and other public interest issues.

In 2022, ELP has been on a sound financial footing, the best in the last 30 years, while in the previous years it experienced a deteriorated financial performance that needed solid and operational financial support. At the time when the holding Roca Industry was established, the ELP restructuring process was in process, with an already implemented financial and operational restructuring, but with negative EBITDA and a process of completion of the management team. Including ELP at that time in the Roca Industry portfolio would have made listing ROCA Industry difficult on the AeRO market. Additionally, at that time, ELP was owned by six other shareholders. For these reasons, the holding's shareholding, ROCA Investments, considered that inclusion of ELP was not possible at the time of establishing ROCA Industry. So, two years later, the transaction by which ROCA Industry purchased all ELP shares, except for one (due to the legal restrictions on the minimum number of shareholders in a joint stock company), it was likely to bring together all the companies operating on

the building materials market owned by ROCA Investments, under the umbrella of the specialised holding, ELP was the last of them.

The Bistrița plant has a capacity of 5,500 tons of cables/year, with a production area of about 13,000 square meters, located on a 23,500 square meters land. The company is equipped with over 30 equipment and production lines specific to its activity, and its portfolio includes about 3,600 of typo-dimensions of cables required for various fields, such as railway, civil constructions, energy, installations, telecommunications, mining, industry, etc. In 2023, in the operational field, Electroplast carried on the investment project began in 2022, by introducing two equipment in the manufacturing flow with major impact in increasing the production capacity (a copper drawer equipped with automatic double winder and a complete insulation and casing application line). The total value of the project is over EUR 2.9 Mn., which encompasses investments over a period of three years, broken down as follows: 20% in 2022, 44% in 2023 and 36% in 2024. This step comes to support the future development of the company, given that over 80% from the current production of the company is represented by copper electrical cables, and drawing this metal is the first step in the manufacturing process. Therefore, integrating this line in the production flow leads to the increase by over 30% of the production capacity for the phase of applying the casing and ensures readiness for future volume increases. The investigation generates the opportunity to diversify and optimise the drawn copper wire semi-finished used, by increasing the working speeds, streamlining the production process by eliminating intermediate phases and increasing the flexibility of execution.

In parallel with the retrofitting process, ELP also invested in the digitalisation field by implementing an industry 4.0 - type solution, seeking to monitor the functioning parameters in real time for 50% from the production equipment. The solution is operated by a new wifi industrial infrastructure, which covers all the production spaces, as well as an online portal. The new solution allows the ELP teams to have consolidated information, statistics and reports based on which they can take operational decisions in the medium- and long- term. The company's objective is that the solution be implemented the following year for all the production equipment. In this respect, it was implemented a soft specialising in scheduling the production, based on the solution Delmia – Dassault which optimises equipment utilisation by bundling semi-finished products and finished products to streamline raw material consumption and reduce preparation times.

The purchases have also been supplemented by the implementation of a tracking system for the energy consumptions, with funding being ensured through the de minimis aid scheme on energy efficiency in SMEs and large enterprises under the Large Infrastructure Operational Programme 2014-2. All these investments contribute to energy efficiency, increased productivity and production capacity, including by eliminating bottlenecks in the production process, with direct impact in improving margins and the level of profitability.

From a commercial perspective, the company continued the strategy to specialise its products, also balancing the distribution channels. The majority of the production is directed nationally, where the company is present through distributors, installers in infrastructure projects (including solar cables), and railway cable manufacturers. Electroplast has contracts concluded with various partners known on the market, such as Alstom Transport, NK Smart, VLG RO, Elbi Electric, Consolight, IMSAT, GTS Romania (Thales), Siemens Mobility etc. Company exports represented about 4% of the total sales during 2023. ELP has continued to develop the solar cable sector, thus meeting the demand in this growing market segment. Although overall, sector pressures resulting from market contraction have also led to price declines in this segment, Electroplast, agile competitor, managed to exceed the budgeted turnover by 4% and increase sales by 16% compared to 2022, although these had an impact on profitability.

In this industry as well, the first semester was marked by execution delays in infrastructure projects (e.g., railways), contractions in certain industries, and the company accelerated the process of exploring export markets in parallel with local contracting.

ELP holds a series of significant certifications, such as: certified integrated management system, railway supplier authorisation issued by AFER, supplier Transelectrica to Electrica. The company also holds a modern testing lab accredited by RENAR (national accreditation body in the field).

PRODUCT PORTFOLIO

ELP is a leader in the railway cable market, which is highly regulated in terms of certifications and quality, and the products are among the most complex and of superior quality. At the same time, the company develops products that meet the increased safety standards in the construction sector and ensure energy efficiency, sustainability and other aspects of public interest. As, for example, in compliance with the EU Regulation No. 305/ 2011, Electroplast holds "Certificates of constancy of performance of products" for certain cable families (e.g. type N2XH / NA2XH).

The newest products are the photovoltaic cables for which the demand on the market is very high. In its expansion efforts, ELP addressed the political and economic context and the subsequent crises over the last 3 years (health, political, economic and natural resources) and consequently to the demand of the market for renewable energy by approving solar cables for photovoltaic systems (photovoltaic parks and panels) – type H1Z2Z2-K class Eca. The demand for these systems has risen very much in the last period in the context in which several programs are carried out by national and European entities.

COMPETITIVE DIFFERENTIATION

The low and medium voltage electrical cables market is a segmented market according to addressability: there is the segment of widely used cables, including those sold in DIY retail, and the segment of specialised cables, manufactured under specific authorization and certification conditions, subject to testing in accredited laboratories, in which segment, Electroplast has chosen to conduct its activities. This is an example of implementing a strategy for efficiency and market capture. The company has limited production capacity compared to major international players present in Romania and therefore has chosen product segments that require a higher degree of expertise and certification but can compensate for profitability at the volume level, aligning with the values brought by large companies. One of the highly specialised segments for Electroplast are the railway signalling cables, AFER, where the estimated market share held by the company positions it as a market leader.

The second largest Romanian manufacturer of doors for residential buildings

Workshop Doors, the second largest interior doors producers for residential buildings, joined the holding's umbrella in February 2024, when ROCA Industry completed the purchase of 70% from its share capital. Under the terms and conditions of the transaction, ROCA Industry can purchase an additional 30% package from the shares issued by the company.

Workshop Doors has been an active company since 2009 on the interior doors market in the region, having two production facilities, in Reghin and Petelea. The company exports a significant percentage from its own production, 34.4% respectively.

Workshop Doors purchase is in line with Roca Industry strategy and its plans for development. The transaction serves as an additional step to reaching its plans for expansion by the accelerated strengthening and development of the holding through purchases of new companies and creating added value around them, through synergies and shared interests. ROCA Industry has already started a complex plan for the management of the two companies, for the assessing and implementing synergies, but also the potential that a merger between EED and Workshop Doors might have on the future development of the two large interior design producers.

PRODUCT PORTFOLIO

Workshop Doors has a wide portfolio of MDF cellular and modular doors, painted, moulded and ready to paint. The majority of doors is manufactured with reversible openings, meaning that the direction of door leaf opening will be decided at the time of installation. By continuously investing in modern wood processing machinery and in technology, it uses raw materials and materials purchased from certified vendors to produce FSC-certified items. In its ongoing effort to expand its portfolio, the company launched a new line of products: MDF acoustic panels. They have a modern design of the interior spaces and acoustic features.

KEY EVENTS IN 2023 AND BEYOND

INCREASE OF SHARE CAPITAL AND LISTING ON THE MAIN MARKET OF THE BUCHAREST STOCK EXCHANGE

On **31 January 2024,** the process of increasing the share capital of ROCA Industry was completed, which was carried out in two stages, from November 2023 to January 2024. The process was approved in June 2023 by the shareholders of the holding company, which entailed increasing the share capital by up to RON 150 million (nominal value) through cash contribution and by converting some receivables against ROCA Industry from the acquisition of Electroplast, by issuing up to 15 million new shares with a nominal value of RON 10/ share. The first stage of the increase was intended for existing shareholders at the record date who were able to exercise their pre-emptive rights to maintain their share of the total share capital and was completed on 10 January 2024. The second stage of the increase was intended for existing shareholders and other investors and was carried out until the end of January 2024. 7.2 million shares were subscribed in the share capital increase process, the share capital was increased from RON 176,945,730 to RON 248,672,220.

At the same meeting, the shareholders also approved the listing of the Company on the regulated market of the BVB, so that, as of **11 March 2024,** ROCA Industry shares were admitted to trading on the main market of the BVB, Standard category.

GENERAL MEETINGS OF SHAREHOLDERS

During 2023, six General Meetings of Roca Industry Shareholders were held, all of which met the legal and statutory quorum at first call.

On **27 April 2023**, the Annual Ordinary General Meeting of Shareholders (**OGMS**) was held. Key items on the OGMS agenda included approval of the company's 2023 income and expenditure budget and approval of the company's individual and consolidated financial statements.

Subsequently, on **22 June 2023**, the shareholders present at the Extraordinary General Meeting of Shareholders (**EGMS**) approved the transaction whereby ROCA Industry acquired 99.99997% of the share capital of Electroplast from ROCA Investments, with one share remaining in the ownership of ROCA Investments (in order to comply with the legal provisions that expressly require a joint stock company to have at least two shareholders). Further details are provided in the section on mergers and acquisitions made by the Company during the year.

At the same EGMS, the shareholders approved the start of the process of increasing ROCA Industry's share capital by up to RON 150 million through cash contribution and/or by converting claims against the Company, by issuing up to 15 million new shares with a nominal value of RON 10/share, as well as the listing of the Company on the regulated market of the BVB.

Given that the mandates of Mr. Ioan-Adrian Bindea and Mr. Alexandru Savin as members of the Board of Directors of ROCA Industry expired on 17 September 2023, the Board of Directors submitted to the shareholders' vote the proposal to re-elect the two members.

Thus, on **18 September 2023**, the Ordinary General Meeting of Shareholders (**OGMS**) was held, and the shareholders re-elected the two Board members for a period of two years, until 17 September 2025. On the same date, the OGMS was also held to approve the amendment of ROCA Industry's Articles of Incorporation to incorporate the changes made by the AGM approvals.

On 2**0 November 2023, an OGMS was** held to approve the termination of the contract for the provision of financial audit services concluded with BDO Audit S.R.L. and to appoint KPMG AUDIT S.R.L. as financial auditor, as well as to set the duration of the contract for the provision of financial audit services at a minimum of 1 year, with the possibility of annual extension with the agreement of the parties, for a maximum period of 4 years.

The last GMS of the year was held on **20 December 2023**, which aimed to approve the increase of EED's share capital by up to EUR 1 million and the increase of DIAL's share capital by up to RON 7 million.

The first OGMS of 2024 took place on **29 January 2024**, when shareholders elected Mr. Sorin Man as a member of ROCA Industry's Audit and Risk Committee. On the same day, the AGM was also held, which had on its agenda the amendment of ROCA Industry's articles of incorporation necessary in preparation for the Company's listing on the main market of the BVB and the approval of the acquisition of Workshop Doors by ROCA Industry. The transaction was completed in February 2024, more details are available in the next section.

MERGERS AND ACQUISITIONS

ACQUISITION OF 100% OF THE SHARE CAPITAL OF IRANGA – LITHUANIA

On **2 May 2023**, Bico signed the sale and purchase agreement for the acquisition of the whole of Iranga, a company established and organised under the laws of Lithuania. The value of the transaction amounted to EUR 3.2 million, consisting of EUR 1.6 million paid on completion of the transaction (on 3 May 2022) for the acquisition of the entire shareholding and EUR 1.6 million allocated for the acquisition of a production line, the commissioning process of which has already been completed.

MERGERS BETWEEN INVESTMENT VEHICLES AND ROCA INDUSTRY SUBSIDIARIES

On **3 May 2023**, the initiation of the merger process between Doorsrock4 (an investment vehicle (SPV) set up for the purpose of obtaining a credit facility to provide the necessary financing structure for the acquisition of EED) and EED was approved. This was completed on **20 July 2023**, the date on which the Mures Trade Registry Office admitted the merger application. As a result of the merger, Doorsrock4 was struck off the Commercial Register as a result of dissolution, without going into liquidation, and transferred all assets to EED.

As a result of the merger, the share capital of EED was increased by RON 2,489,110 (from RON 5,643,500 to RON 8,132,610), through the issue of 248,911 new shares, each with a nominal value of RON 10.

Subsequently, on **9 May 2023**, the Board of Directors approved the initiation of the merger process between Nativerock1 (the SPV established for the purpose of obtaining a credit facility to provide the financing structure required for the acquisition of Dial) and Dial. The process was completed on **31 July 2023**.

These mergers were key conditions agreed with lenders in order to obtain the credit facilities needed for the EED and Dial acquisitions and subsequent financing of the companies.

ACQUISITION OF 99.99997% OF THE SHARE CAPITAL OF ELP

At the end of June, following approvals received at the AGM on 22 June 2023, ROCA Industry acquired 99.99997% of the share capital of ELP from ROCA Investments, with one share remaining in the ownership of ROCA Investments. The price proposed by the Board of Directors and submitted to the AGM for approval was at the level of ELP's appraised value, which was determined by a valuation report carried out by an independent chartered appraiser (Veridio) based on the financial results at the end of 2022. Following the valuation, the market value of the company was RON 45,751,000 (for 100% of the shares). Thus, the transaction price was RON 45,750,988.6.

In addition, as part of the transaction, ROCA Industry took over, as assignee, all the receivables held by ROCA Investments in relation to ELP, resulting from the loan agreements entered into by ROCA Investments as lender and ELP as borrower, for an assignment price equal to the nominal value of these receivables. The value of the receivables was RON 10.6 million.

Both the transaction price and the value of the receivables were extinguished upon completion of ROCA Industry's share capital increase, at which time they were converted into share capital and ROCA Investments increased its stake to 65.9% of the holding company's share capital.

ACQUISITION OF 70% OF THE SHARE CAPITAL OF WORKSHOP DOORS

On **25 July 2023**, the Company's management announced the intention to acquire a majority stake in the share capital of Workshop Doors S.R.L., the second largest Romanian manufacturer of interior doors for the residential sector. The transaction was subject to an internal evaluation process and Competition Council approvals and was completed on **8 February 2024.**

ACQUISITION OF AN ADDITIONAL 45% STAKE IN THE SHARE CAPITAL OF EUROPLAS LUX

On **2 October 2023**, Bico signed a sale and purchase agreement to acquire an additional 45% stake in the share capital of Europlas. Bico thus holds 100% of the share capital of Europlas. The value of the transaction was in the amount of EUR 120 thousand, to be paid in three tranches during 2024.

CHANGE IN THE BICO SHAREHOLDING STRUCTURE

The shareholding structure changed at the **end of July** when a capital increase of RON 10.5 million took place, so that Mihai Birliba (founder and minority shareholder) increased his shareholding to 40% of the share capital and ROCA Industry's shareholding was reduced from 70% to 60% of Bico's share capital.

CHANGES IN COMPANY MANAGEMENT

During the meeting held on **20 June 2023**, the Board of Directors appointed Ioan-Adrian Bindea (Chairman of the Board of Directors and Interim CEO from 29.06.2022 to 29.06.2023) as CEO of the Company. His mandate was granted for a period of three years, until 29 June 2026. Ioan-Adrian Bindea was also re-elected as Chairman of the Board of Directors of the Company, starting from **19 September 2023**, until 17 September 2025.

As of **23 February 2024**, the Board of Directors established the composition of the Audit and Risk Committee (Mr. Vasile Sandu - Chairman; Mr. Rudolf Paul Vizental – representative of ROCA Management S.R.L. - member; Mr. Sorin Man - member) and the Nomination and Remuneration Committee (Mr. Vasile Sandu - Chairman; Mr. Rudolf Paul Vizental – representative of ROCA Management S.R.L. - member; Mr. Alexandru Savin - member). They are established until 17 September 2025.

LOAN AGREEMENTS BETWEEN ROCA INDUSTRY AND ITS RELATED PARTIES

On **23 January 2023**, ROCA Industry announced the extension of two short-term loans granted to Bico for a total amount of EUR 3.5 million. The EUR 2 million facility has been repaid in full. The second facility of EUR 1.5 million was partially repaid, the amount of EUR 0.5 million being extended on 30 June 2023 until 29.12.2023.

In addition, on **31 March 2023**, the Board of Directors of ROCA Industry approved the conclusion of a loan agreement whereby ROCA Industry received a loan in the amount of EUR 1 million for a period of 12 months at market conditions from ROCA Investments, a shareholder of ROCA Industry. It was subsequently granted to Bico for the payment of the purchase price of the shares of Iranga.

Another intra-group facility was approved by the Company's Board of Directors on **27 July 2023**. In the amount of RON 2 million, it was granted to EED, with a repayment term of 12 months, at market conditions, and will be used by EED for the purpose of financing its current activity.

An intra-group facility in the amount of EUR 1.2 million was approved by the Board of Directors of the Company on **29 August 2023** to be granted to Dial to guarantee the obligations assumed under the credit facility taken out by Nativerock1 for the acquisition of Dial's shares in 2022 and to refinance loans previously taken out by Dial (credit facility taken over by Dial after completion of the merger by absorption with Nativerock1).

To grant the loan to Dial, the Board of Directors of the Company also approved the conclusion of a loan agreement by ROCA Industry, as borrower, with ROCA Investments, as lender, for the same amount. The two loans were granted in EUR, at market conditions, with a repayment term of 12 months.

On **22 December 2023** and on **12 January 2024** ROCA Industry contracted two loans from ROCA Investments, the first in the amount of RON 1 million (until 31 January 2024, with the possibility of extension for another 6 months), the second in the total amount of EUR 1.67 million (until 12 April 2024, with the possibility of extension for another 3 months), at market conditions, to finance the current activity.

SIGNIFICANT SHAREHOLDERS

On **21 August 2023**, Mr. Rudolf-Paul Vizental, permanent representative of ROCA Management, member of the Board of Directors, purchased 1,437 shares at a price of 8.9777 lei/share.

Also, during the third quarter of 2023, Mr. Mihai Bîrliba, member of the Board of Directors, sold ROC1 shares in three tranches. The first transaction took place on **11 September 2023** (300,000 shares at a price of 7.2 lei/share), the second sale took place on **10 October 2023** (300,000 shares at a price of 8.3 lei/share), and the third took place on **16 November 2023** (414.Following the three transactions, Mr. Mihai Bîrliba's holding fell below the 5% threshold of the Company's voting rights, while Prebet S.A. Aiud increased its holding and exceeded, in concert with two other shareholders, the 10% threshold.

Following the capital increase completed in early 2024, Prebet S.A. Aiud fell below the 10% threshold, while Impetum Investments S.A., together with two other shareholders with whom it acts in concert, exceeded the threshold of 5% of ROCA Industry's voting rights.

PUBLISHING THE FIRST SUSTAINABILITY REPORT AND SETTING NEW STANDARDS IN THE ROMANIAN INDUSTRY

On **30 June 2023,** ROCA Industry published its first Sustainability Report, for the year 2022. It is available on the ROCA Industry website in the "Investors" / "Sustainability" section and describes the activities of the holding company and its investee companies. In preparing it, the Company anticipated the application in Romania of Directive 2022/2464/EU on corporate sustainability reporting, starting in the financial year 2024.

The report collects qualitative and quantitative data from companies, with the objective of summarising all elements of sustainability policies. The data will act as a baseline and the annual performance of the holding company will be measured from the data reported for 2022.

Furthermore, during 2023, ROCA Industry has strengthened its commitment to sustainability by conducting a comprehensive carbon footprint analysis on Scope 1 and 2 for all portfolio companies. This assessment provided a detailed insight into greenhouse gas emissions, providing a solid basis for future reduction strategies. In 2024, the Group aims to expand this analysis to include Goal 3. In addition, in an effort towards transparency and accountability, the analysis of climate risks and associated impacts on the business of the Group's companies has been made public in accordance with the TCFD - Task Force on Climate-Related Financial Disclosures protocol, accessible on the Company's website.

All information on the holding company's performance on the four strategic sustainability pillars - Strategic Business; Products and Market; Resources, Energy and Climate; People and Community, will be detailed in Roca Industry Holding's Annual Sustainability Report for 2023. The report will be prepared in accordance with the GRI - Global Reporting Initiative international standards for non-financial reporting and will be published at the end of June 2024.

.

CONSTRUCTION MARKET IN 2023

2023 CIRCUMSTANCES

2023 was expected with moderate expectations – with an impact of previous years' disturbances leading to a moderation of growth, some voices even raising the scenario of the economy's decline. Anticipation of inflation and its outburst was however one of the surprises with which most of the global markets have grown accustomed to in the recent years. Average GDP growth forecast was in the last INSSE forecast of 2.2%.

FACTS OF 2023

After the year 2022 began with the first war of this century, and not far from 80 km from Romania's borders, 2023 witnessed a remarkable increase in inflation rates, which, however, managed to mitigate towards the end of the year, reaching an average of 7%. The consumer price index also experienced fluctuations throughout the year, with a negative dynamic due to reduced consumption and external demand, with a 10 percentage point variation.

The latest INS available data indicate an economic growth of 2% for 2023, while the European Commission estimates a cautious 1.8%, given the inflationary context that characterised the entire year. The NBR monetary policy aimed at macroeconomic impact, but resulted in increased pressure on lending costs, which, by extension, had implications on investments. Against this inflationary context, the labour market did not alter the forces of pressure operating in the industrial environment, i.e. shortage of skilled personnel, the need for seasonal labour, which, on the contrary, contributed to cost pressures.

RESILIENCE IN THE PRO-CYCLICAL BEHAVIOUR

The construction sector had a fluctuating trend marked in principle by waves of rising costs, and gradually falling demand. At the level of 2023, constructions showed resilience not by the capacity to ensure continuity in every branch, but rather by compensating the reduction of the residential branch with the intensification of industrial, non-resident buildings.

By the end of November, the volume of building works increased compared to the same period of 2022, as gross series, and as series adjusted according to the number of working days and seasonality, by 12.6%. The increase took place in the segment of engineering constructions (+31.7%), for non-residential buildings the increase was 0.5%, while the sector of residential buildings dropped by 7.5%. Such drop, correlated to the number of building permits for the residential sector, 34,646 at year level, lower by 20.6% compared to 2022, creates the conditions for a contraction of the sector with impact on the building materials including in 2024. The impact on the building permits is consistent at the level of the entire country, all areas being affected.

THE MAIN STRATEGIC PLANS

BUSINESS & SALES STRATEGY

Taking into consideration the activity carried out by Roca Industry in the field of building materials, the Company conducted a business diagnosis of each company held organisation, operational, financial and commercial wise. The Company put in place a strategic planning process, having in mind the realities of each company, identifying specific and Group-related opportunities, but also the constraints of the environment in which each subsidiary operates.

At this level of subsidiary, the long- medium- and short-term planning process was initiated, but also to create certain flexible, agile structures enabling swift reactions and supporting business resilience in conditions of market unpredictability.

Thus, Roca Industry's vision is to build powerful Romanian brands that support the transformation of the local companies into regional champions.

The holding's medium-term plan is to strengthen a structure of subsidiaries of approximately 8-10 companies, subsidiaries equipped with their own local and regional growth strategy, organically and through M&A processes, aiming at strengthening the activity in the industry where operates, both commercially and in terms of production.

The acquisition of a new company with the purpose of becoming a ROCA Industry subsidiary shall be carried out only to the extent that it accounts for the Company's strategy, that is consolidate the companies in the same sector of activity and create added values around them, through synergies and common tools, but also conditions of acquisition proper to the current economic context.

Once the ROCA Industry's strategy is clearly identified, it aims to also initiate a review process of the related industries and the industry in a broad sense, with the purpose of identifying the opportunity of active markets, with sustainable products for the future and in market terms that allow consolidation, addressing international markets and creating products adapted to the future.

In this context, ROCA Industry will continue through its subsidiaries the investment process and intensive efforts in the following directions

- Refurbishing and extension of production lines with new equipment;
- Implementation of monitoring and programming systems for the production, and systems to identify working processes optimisation solutions;
- Implementation of energy efficiency solutions;
- Digitalisation and integration solutions for the data deriving from different areas of the company, with the purpose of expediting the data-driven decision-making capacity in companies.

It will also continue to identify synergies - both for cost, working process, operational and commercial optimization. In order to achieve the previous objective, Roca Industry intends to implement a series of energy efficiency principles, sustainability, environment friendly products and engagement in the projects of the community where it operates.

I. STRATEGIC GUIDELINES

- Accelerated organic development through investments in technology, development of new products and access to new markets;
- Accelerated consolidation and development through acquisitions, both at the level of Roca Industry (horizontal integration), and at the level of its subsidiaries (vertical integration);
- Develop group synergies, unitary sales and acquisition structures able to support and improve the economic activity of Roca Industry and its subsidiaries;
- Implementation of a professional management, steered by modern principles at the level of subsidiaries;
- Develop at the level of subsidiaries production lines for sustainable building materials. These are the non-toxic energy saving materials that involve low costs and increase durability and efficiency of a building in terms of design, construction, maintenance and renovation. A building raised with sustainable materials will use 53% less energy and 63% less water compared to a regular building.

The purpose of Roca Industry growth is not to create income/profit from the sale of its subsidiaries, but to create an ecosystem whereby growth and profitability reflected in dividends will result from the development of companies and the creation of new long-term business.

II. COMMERCIAL STRATEGY

Roca Industry's commercial strategy is aimed at increasing market share, diversifying the range of products, diversifying the markets where these products are present, all of which contribute to the value of the Company's subsidiaries. Although the guidelines of the subsidiaries' strategy will be common, being dictated by the financial and budgetary objectives of the portfolio companies, the implementation of the strategy will be customised at company level, depending on the product and market characteristics.

Strengthening the sales of Roca Industry subsidiaries' products will be achieved through all available sales channels and to all categories of customers by:

- Modern trade, through DIY type markets, nationwide;
- Traditional trade, through existing small traders nationwide;
- B2B, through direct sales to developers and builders;
- Export, by identifying foreign partners for the sale of the Company's subsidiaries' products and/or by opening work points abroad.

A key element in Roca Industry's commercial strategy is the creation of synergies between the sales teams of its subsidiaries. Given the specificity of the Company, the main internal customers of its companies will be common, namely the main DIY chains operating in Romania: Dedeman, Hornbach, BricoDepot, Leroy Merlin, Mathaus etc. For this reason, Roca Industry's increased power to negotiate with them will be a significant asset.

In addition, to mitigate trade risk, emphasis will also be placed on the development of the traditional trade sector, as this sector is by definition highly dispersed. Thus, group synergies can help reduce sales and logistics costs and can generate competitive advantages over competitors.

A particularly important element will be the development of exports. Roca Industry's subsidiaries are already among the top producers in the domestic market, which gives them a sufficient scale and image to be able to access international markets.

Companies' marketing plans include new product developments associated with business lines expected to bring relevant growth.

Furthermore, specific product developments will in the future allow access to new sales channels as well as entry into some adjacent or specialised product categories for certain industries.

The support of sales teams and commercial expansion plans will be matched by the efforts of marketing teams to ensure product visibility at point of sale, as well as through communication campaigns with end consumers.

III. DEVELOPMENT STRATEGY

Development at Roca Industry level

- Strengthening the presence and contribution to the national market of building materials production;
- Vertical development, operational integration, including subsidiaries' reorganisations (i.e. mergers);
- Development of sustainable green building materials component, at subsidiary level, by developing sustainable products and technologies;
- Implementing the corporate governance best practices and fulfillment of all regulations applicable following the listing of the Holding on the Main Market of BSE.

Development at Roca Industry's subsidiaries level

- Develop new products, to the extent of the identified market needs;
- Create efficient, unitary structures at the level of the companies which will operate abiding by common principles and values;
- Performance-oriented professional management structures;
- Develop the brands of each subsidiary and support new products research and development initiatives.

IV. PRODUCTION STRATEGY

Roca Industry's production strategy will rely on the following main pillars:

- **Efficiency** – The Company wishes to enhance production processes efficiency by investing in better technologies and in improving the staff training. The purpose of greater efficiency will primarily be enhancement of profitability. Roca Industry also aims to improve working conditions by reducing manual and repetitive labor;
- **Sustainability** – The Company seeks to adapt its production technologies in order to provide higher protection of the environment. It is therefore a desire that the entities employed for carrying out the activity generate a smaller amount of waste in order to reduce the level of pollution, increase the percentage of recycled materials, including by using in the production

process larger amount of recycled raw materials, and the consumption of energy be as reduced as possible;

- **Adjustment to the market's needs** – Roca Industry will implement a constant feedback loop within the companies, between the commercial department and the production department, whereby the products are adjusted constantly to the market needs;
- **Innovation** – Innovation will be an explicit objective of Roca Industry's subsidiaries, as regards the products and the production processes. The Company will also seek investments in new technologies, digitalisation and robotisation of production.

V. FINANCIAL STRATEGY

Roca Industry's financial strategy will develop based on the following principles:

- Efficient allocation of capital within the Company, according to development needs;
- Access to various sources of capital, negotiated and contracted as a whole, for cost and condition optimisation;
- Separate profit centers, with planning, budgeting and own financing activity in the subsidiaries;
- Regular share or bond issues at Company level and access alternative funding sources, on the capital markets

VI. HR STRATEGY

Roca Industry's philosophy is based on quality human resource throughout its departments. For this reason, the human resource strategy will be steered on two main directions:

- Fill top and middle management positions with extremely high level of soft skills and competences, above the market average, and ensure a continuous growth process of these competences;
- Ongoing qualification of all employees filling executive positions

Also, in order to retain competent employees, incentive procedures will be put in place at all levels, including by implementing Stock Options Plans at top management level, but also measures to increase working space quality and the sense of belonging to the company and Roca Industry.

VII. SUSTAINABILITY STRATEGY WITH FOCUS ON ENVIRONMENT

Roca Industry aims to integrate the environmental strategy into the overall sustainability strategy, a process that started in the second part of 2022. By developing this sustainability strategy, Roca Industry doubles its efforts to comply with applicable environmental policies and aims to carry out its activity in the most responsible way. The holding companies will focus their efforts on the following three main aspects:

- reduction of greenhouse gas emissions
- stimulating the reduction of produced waste and promoting its recycling
- responsible use of natural resources

Each of these aspects will be carefully monitored and will benefit from clear and measurable objectives, aligned to the needs of the companies, but also to the practices in the field. In order to achieve its goals, Roca Industry will work in close collaboration with all its partners, in order to develop the most sustainable solutions and at the same time contribute to a more ecological and responsible world.

The decision of the Company to apply its business strategy through subsidiaries that opérate in the production of building materials relied on the following judgements:

1. **The opportunity for vertical development of the companies that operate in the production of building materials due to the global crisis in the supply chain**

In 2023, the industrial European strategy remains valid for all the European areas, meaning increased focus for shorter supply chains, in established socio-geographical conditions as well as for the digitalisation and modernisation of industry.

In this global context, the Company anticipates a trend that retailers and producers will regionalise their supply chains. The Company wishes therefore to capitalise this opportunity, by investing and support local building materials producers.

2. **Development of the DYI market in Romania and at regional level –** When talking about the building materials and interior design industry, several trends with impact on the development of the industry can be noted, such as: increase in interior and exterior design sales, lower costs of DYI products and minimum knowledge to install them, technological innovation and extended variety of the range of products, as well as increased popularity of online commerce

3. **Constructions and building materials represent a strategic field in the development of Romania,** with above-average growth potential due to the expected investments in the following period, including due to implementation of the Romanian National Recovery and Resilience Plan.

4. Existence in Romania of relevant companies at regional level, with possibility of international expansion, at turning points

At the time of drafting this Report, the Company takes into consideration the following criteria and measures that can be put in place at holding level, so that its activity benefits from leverage and tools as diverse as possible, in order to maximise performance:

- Build most agile management teams;
- Contribute to improving the Financial, HR, Operational and IT systems;
- Supplement commercial competences;
- Investment in innovation and product development;
- Create synergies between the subsidiaries through which the Holding carries out its commercial activity by (i) the sale of integrated products packages, (ii) access to customers and common markets, (iii) common market strategies, (iv) access to new markets, (v) access a wider vendor database, (vi) increase efficiency in the supply chain and (vii) créate information and common resources pole.

Principles regarding production of sustainable building materials

Given the direction towards which the business environment and European policies converge, Roca Industry aims, through its activity, to pursue and implement policies concerning the production of sustainable building materials, based on the following trends:

1. Transition to low-carbon emission - The companies in the building material sector pursue to renew their portfolio and invest in technologies to decarbonise their operations.
2. Energy efficiency improvement of buildings will enable long-term development of products and building materials related services network.
3. Growing popularity of modular constructions - Prefabricated buildings have reduced construction time and automated processes. This trend generates a demand for new integrated product offers.
4. Urbanisation - Emphasized migration of population from rural to urban areas creates a higher demand for residential complexes. It is estimated that the constructed areas will extend in most parts of EU by 2030. The highest relative increase of approximately 6% is expected in Romania and Belgium.
5. Increased reuse / recycle in construction. The construction sector is influenced by the European Green Deal, which has as fundamental pillar an action plan based on circular economy (a production and consumption model that involves sharing, using, repairing, renovating and recycling existing products and materials as much as possible). The plan provides among others a higher recycling degree of the building materials and recommends an ideal share of 70% of the materials in the industry for reuse.
6. BIM constructions. The EU scope of policies also include sustainable increase in the construction sector through implementation of BIM method - Building Information Modelling. BIM European market has been measured at EUR 1.8 billion in 2016 and is expected to rise by 13% to reach EUR 2.1 billion in 2023.
7. RRP Objective (Romania). Approximately 1,000 - 1,500 energy renovated buildings (4 million sqm residential buildings) and approximately 2,000 energy renovated public buildings (2.5 million mp).
8. National Long-Term Renovation Strategy (2020-2050) – Romania – The strategy aims at renovating the current national stock of residential and non-residential buildings, both public and private, into a highly energy efficient and decarbonised building stock by 2050. NLRS aims at renovating approximately 77% of the building stock in the following 30 years and contribute to the RRP goal of doubling the renovation rate by 2025.

9. Consolidation through M&A. M&A market promises to be an important tool for the building materials sector in terms of post-pandemic growth. Historically, the building materials companies exceed other industries when it comes to create value from acquisitions, with a RTSR (relative total shareholder return) of 11% after a year after the acquisition and 13% in 2 years from acquisition. The industry is characterised by small but constant deals in the long run, that can create significant values, going beyond the average yields of other industries

10. Start-up climate perspective - The most important European start-ups in the construction sector focuses on the following topics: durable materials, develop modular constructions, online commerce services software (data analysis, project management software, BIM – Building Information Modeling).

CORPORATE GOVERNANCE

Roca Industry management considers that the principles of a good corporate governance support the holding's sustainable growth and add long-term value for shareholders. Therefore, ROCA Industry constantly improves its corporate governance practices, both at individual level and at the level of the held companies, aiming to fully align to the best practices. On ROCA Industry website stakeholders can access the section dedicated to investors, at **Corporate Governance | ROCA Industry**. This section includes updated information that regulate the holding's corporate governance, as well as the articles of incorporation of the company, the main policies and regulations in force, and information on the auditor, the Board of Directors and its committees.

BOARD OF DIRECTORS

Roca Industry has adopted a one-tier management system and is managed by a Board of Directors ("BoD") consisting of 5 (five) members. The Company's BoD members at the end of 2023, as well as at the date of this report are presented in the next table.

Name	Date of the initial election	Term	Position	Mandate starting date
Ioan-Adrian Bindea	17 Sept 2021	4 years (until 17 Sept 2025)	Chair, Chief Executive Officer	17 Sept 2021
Roca Management S.R.L. through Rudolf Paul Vizental	17 Sept 2021	4 years (until 17 Sept 2025)	Non-executive Director	17 Sept 2021
Alexandru Savin	17 Sept 2021	4 years (until 17 Sept 2025)	Non-executive Director	17 Sept 2021
Mihai Bîrliba	27 Apr 2022	~ 3 years and 5 months (until 17 Sept 2025)	Non-executive Director	27 Apr 2022
Vasile Sandu	16 Nov 2022	~ 2 years and 10 months (until 17 Sept 2025)	Independent, Non-executive Director	16 Nov 2022

Ioan-Adrian Bindea and Alexandru Savin have been members of the Board of Directors since the Company was set up, are appointed in the Articles of Incorporation for a period of 2 years, and the term of office expires on 17 September 2023. The were re-elected in the OGMS which took place on 18 September 2023, and the new term of office is until 17 September 2025. Subsequent to OGMS, the Board of Directors reappointed Ionuț Bindea as Chairman of the BoD throughout his term of office.

Additional information regarding the experience of the Board of Directors members can be accessed at the company's website, at the link **Board of Directors | ROCA Industry**, as well as in the next section.

IOAN-ADRIAN BINDEA – CHAIRMAN OF THE BOARD OF DIRECTORS

Ioan-Adrian Bindea is Roca Industry's Chairman of the Board of Directors since September 2021 when the company was established and **CEO** since June 2022. With over 12 years of experience in restructuring, capital markets and real estate, previously Investment Manager of ROCA Investments, he restructured Frigotehnica and turned it into a profitable company in less than two years. Ionuț Bindea has a proven track record for making development-oriented decisions for ROCA Industry.

He is also a member of the Board of Directors of Bico and EED, holding's companies, as well as member in the BoD of RDF S.A., company in ROCA Investments portfolio, and director of Leading Growth Management SRL.

Ionuț brings to the team his extensive experience and the ability to transform companies towards a solid and sustainable long-term business model.

Ioan Bindea graduated from the Academy of Economic Studies in Bucharest in 2008, where he completed his master's and bachelor's courses.

The mandate of Ioan-Adrian Bindea as a member of the Board of Directors of Roca Industry expires on 17 September 2025.

Percentage of ownership: At 31 December 2023 Ioan-Adrian Bindea held 0.07% of Roca Industry share capital. After the completion of the share capital increase on 22 February 2024, its ownership remained at 0.07% of the share capital.

Remuneration: In 2023, as Chairman of the BoD, Ionuț Bindea received a net total remuneration of RON 178.3 thousand, with no additional benefits.

Other information:

- Currently Ioan-Adrian Bindea is actively associated in the following companies: Roca Management SRL, Impetum Investments SA and Leading Growth Management SRL.
- In the last 5 years, Ioan-Adrian Bindea has not been banned by a court from serving as a member of the board of directors or supervisor of a company.
- In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of some companies, of which the boards of directors or supervisors should include Ioan-Adrian Bindea.
- Ioan-Adrian Bindea does not have a professional activity that competes with that of Roca Industry and is not part of any agreement, understanding or family relationship with a third party due to which he would have been appointed

ROCA MANAGEMENT S.R.L., THROUGH RUDOLF PAUL VIZENTAL

The mandate of ROCA MANAGEMENT SRL as a **member of the Board of Directors of Roca Industry**, with Rudi Vizental as permanent representative, expires on 17 September 2025.

Rudi is one of the most experienced financiers in Romania whose appetite for investment activity is anchored in business realities and understanding the needs of entrepreneurs. He has a background of more than 5 years in investment management, 10 years of activity in the "distress" area and 5 years in the financing area, where he learned to see opportunities where others only see risks. With this mix of experience, Rudolf advocates for the development of an entrepreneurial culture in Romania and is a leader whose strategy is to create environments where people are passionate, inspired and motivated to achieve their goals and become better.

He is an administrator of Roca Management SRL. Previously, Rudi held management and restructuring positions within CITR and BRD, but also as a Member of the Board of Directors within Cemacon S.A.

Rudolf Vizental graduated from the Faculty of Economics at the West University of Timișoara in 1996, and in 2008 he completed his MBA studies at the National Conservatory of Arts and Crafts in Paris, France.

Percentage of ownership: At 31 December 2023 Rudolf Paul Vizental held 0.28% of Roca Industry share capital. After the completion of the share capital increase on 22 February 2024, its ownership remained at 0.36% of the share capital.

Remuneration: In 2023, as member of the BoD, Rudolf Paul Vizental received a total remuneration (including VAT) of RON 212.1 thousand, with no additional benefits.

Other information:

- Currently Rudolf Paul Vizental is actively associated in the following companies: Roca Management SRL, Impetum Management SA and Impetum Group SRL.
- Roca Management SRL is director of Roca Investments SA and Electroplast, as well as of RDF S.A., company in Roca Investments portfolio.
- In the last 5 years, Rudolf Paul Vizental has not been banned by a court from serving as a member of the board of directors or supervisor of a company.
- In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of some companies, of which the boards of directors or supervisors should include Rudolf Paul Vizental.
- Rudolf Paul Vizental does not have a professional activity that competes with that of Roca Industry and is not part of any agreement, understanding or family relationship with a third party due to which he would have been appointed

ALEXANDRU SAVIN

Alexandru Savin is member of Roca Industry's BoD, with mandate 17 September 2025 after being re-elected by shareholders during 2023 for an additional period of 2 years.

He is also CEO of ROCA Agri RDF (the Agrifood holding of ROCA Investments) with a turnover of almost RON 800 million. Alexandru has extensive experience in risk management and business development, gained in Libra Bank S.A. where he held several management roles. He contributes to the development of ROCA Industry by focusing on strategic management and investments, important areas for the development and consolidation of the holding.

Alexandru is member of the Board of Directors of RDF SA since December 2019 and of Agro IFN (part of the agrifood holding), director of CAHM Europe and Chairman of the Board of Directors of Sinteza SA since February 2020, the companies being part of the ROCA Investments portfolio. He is also administrator of PNPL Strategy SRL, Journey Box SRL and Endlessplay SRL.

He graduated from the Academy of Economic Studies in Bucharest in 2004, where he completed his undergraduate courses.

Percentage of ownership: At 31 December 2023 Alexandru Savin held 0.07% of Roca Industry share capital. After the completion of the share capital increase on 22 February 2024, its ownership remained at 0.05% of the share capital.

Remuneration: In 2023, as member of the BoD, Alexandru Savin received a total net remuneration of RON 178.3 thousand, with no additional benefits.

Other information:

- Currently Alexandru Savin is actively associated in the following companies: Roca Management SRL, Impetum Investments SA, Journey Box SRL and Endlessplay SRL.
- In the last 5 years, Alexandru Savin has not been banned by a court from serving as a member of the board of directors or supervisor of a company.
- In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of some companies, of which the boards of directors or supervisors should include Alexandru Savin.
- Alexandru Savin does not have a professional activity that competes with that of Roca Industry and is not part of any agreement, understanding or family relationship with a third party due to which he would have been appointed

MIHAI BÎRLIBA

Mihai Bîrliba is member of Roca Industry's Board of Directors, his mandate expiring on 17 September 2025.

With more than 30 years of experience in industrial manufacturing, Mihai Birliba is the founder of Bico Industries S.A. (part of the ROCA Industry holding) and of several startups in the field of building materials, plastic packaging and plastics recycling, with a focus on production.

His background in entrepreneurship has given him significant expertise in recruiting and building teams with skills in industrial process efficiency, diagnosis and integrated development of production lines of all types. He thus actively contributes to the business decisions of the companies under the holding's umbrella. As a member of Roca Industry's Board of Directors, Mihai is responsible for the identification and auditing process of companies, for which he provides technical and operational support in the M&A area.

He graduated from the Iasi Technical University Gheorghe Asachi in 1989 and then attended the MBA program of The Open University Business School through CODECS, graduated in 2007.

Percentage of ownership: At 31 December 2023 Mihai Bîrliba held under 0.01% of Roca Industry share capital. After the completion of the share capital increase on 22 February 2024, its ownership remained at 0.01% of the share capital.

Remuneration: In 2023, as member of the BoD, Mihai Bîrliba received a total net remuneration of RON 178.3 thousand, with no additional benefits.

Other information:

- Currently Mihai Bîrliba is actively associated in the following companies: Bico Industries S.A., Transit Oil S.R.L Brașov, Bico Entreprise S.R.L.
- In the last 5 years, Mihai Bîrliba has not been banned by a court from serving as a member of the board of directors or supervisor of a company.
- In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of some companies, of which the boards of directors or supervisors should include Mihai Bîrliba.
- Mihai Bîrliba does not have a professional activity that competes with that of Roca Industry and is not part of any agreement, understanding or family relationship with a third party due to which he would have been appointed

VASILE SANDU

Vasile Sandu is member of the Board of Directors of Roca Industry, with a mandate in force until 17 September 2025.

He has extensive experience in the construction and building materials industry, being the founder and CEO of Proinvest Group SRL, a company specialized in the development, production and marketing of metal components and metal building systems. During his more than 20 years in this position, Vasile Sandu led Proinvest to a group with more than 500 employees and 4 specialised factories, with a turnover of more than 50 million euros.

Vasile Sandu is also administrator of Acago Logistics SRL, EWD 2022 SRL, Proinvest Capital SRL, Proinvest Construction SRL, Proinvest Engineering SRL, Proinvest Group SRL, Proinvest Holding SRL, Proinvest Industries SRL and Proinvest Properties SRL.

He graduated from the Technical University Gheorghe Asachi in Iasi in 1997, where he attended the courses of the Faculty of Construction.

Percentage of ownership: At 31 December 2023 and at 22 February 2024, Vasile Sandu did not held shares of Roca Industry.

Remuneration: In 2023, as member of the BoD, Vasile Sandu received a total net remuneration of RON 178.3 thousand, with no additional benefits.

Other information:

- Currently Vasile Sandu is actively associated in the following companies: Proinvest Group SRL, Proinvest Holding SRL, Proinvest Capital SRL and EWD 2022 S.R.L.
- In the last 5 years, Vasile Sandu has not been banned by a court from serving as a member of the board of directors or supervisor of a company.
- In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of some companies, of which the boards of directors or supervisors should include Vasile Sandu.
- Vasile Sandu does not have a professional activity that competes with that of Roca Industry and is not part of any agreement, understanding or family relationship with a third party due to which he would have been appointed

THE BOARD OF DIRECTORS ACTIVITY IN 2023

The main role of the Board of Directors is the strategic coordination of the holding, including by establishing policies and objectives on short-, medium- and long-term. Roca Industry BoD consists of persons with extended experience that ensure that the holding works efficiently, their purpose being to supervise the company and offer consultancy in the specific activity.

During 2023, the Board of Directors met 36 times. Additional information about the participation of each Bod member at these meetings is in the table below.

	Ioan-Adrian Bindea	ROCA Management	Alexandru Savin	Mihai Bîrliba	Vasile Sandu
Number of BoD meetings	34	36	33	36	36

In addition to the topics in which the engagement of the Board of Directors is requested specifically by the law, the Board of Directors actively engaged in strategic issues, related to supervision and sustainability.

As the main duties of the BoD are strategic, the discussions held focused particularly on aspects regarding the development and consolidation of the holding. The Board of Directors analysed the opportunities for mergers and acquisitions and took the necessary measures, based on the powers, endorsed or approved (as the case may be) the financing necessary to these transactions and took decisions regarding the changes in the executive management.

Additionally, keeping in mind its role to follow up on and supervise the holding's financial and operational activity, the BoD members have analysed on a monthly basis the financial performance of the companies in the Group, the gap between results and budgets, and had the companies implement corrective measures where results failed to meet expectations.

The Board of Directors also engaged in sustainability aspects (ESG), and the process of implementation of the Holding's strategy is in process of implementation.

ADVISORY COMMITTEES OF THE BOARD OF DIRECTORS

During 2023, the Board of Directors has not established advisory committees. They were established in February 2024, and as of this date, the BoD's activity has been supported by two advisory committees, namely the Nomination and Remuneration Committee and the Risk and Audit Committee.

The members of the advisory committees are appointed and revoked by the Board of Directors among the non-executive directors of the Company. The Ordinary General Meeting of Shareholders may also appoint and revoke members of the Committee who are not directors of the Company. The committees consist of tree members and presided by an independent non-executive director. A member of the audit committee must have experience in applying the accounting principles or financial audit.

The organisation and responsibilities of each committee are established in the Articles of Incorporation of ROCA Industry and the Company's Code of Corporate Governance.

The Risk and Audit Committee has the role to assist the Board of Directors in carrying out its duties in terms of internal audit, and has also an advisory function on the Company's strategy and policy regarding the internal control, internal audit and external audit system, as well as the control of the manner in which the significant risks are managed. The committee is therefore responsible for the preparatory works for the decision-making activity carried out by the Board of Directors concerning the supervision of integrity and quality of financial reporting of the Company, efficiency of the management systems of risks and internal control of the Company and assessing any conflict of interest.

The purpose of the Nomination and Remuneration Committee is to assist the Board of Directors in fulfilling its responsibilities, by establishing the principles for the selection of candidates for the position of member of the Board of Directors, selecting candidates for their election or re-election to the position of member of the Board of Directors, involvement in the selection process of the managers, remuneration of the director and managers of the Company, making proposals regarding these to be submitted to the decision of the Board of Directors, as well as supporting the Board of Directors in evaluating its own performance, as well as the performance of the executive management.

The composition of the committees, as approved by the Board of Directors for the period from the date of23 February 2024 until 17 September 2025, is the following:

Risk and Audit Committee:

- Mr. Vasile Sandu – Chairman;
- ROCA Management S.R.L., by Mr. Rudolf Paul Vizental – member;
- Mr. Sorin Man – member.

Nomination and Remuneration Committee:

- Mr. Vasile Sandu – Chairman;
- ROCA Management S.R.L., by Mr. Rudolf Paul Vizental – member;
- Mr. Alexandru Savin – member.

EXECUTIVE MANAGEMENT AND ROCA INDUSTRY TEAM

The Board of Directors has delegated the holding's management to the **General Manager** whose appointment falls within the duties of the Board members. The General Manager's duties are established both in the articles of incorporation and in the mandate agreement. Throughout 2023, the General Manager of ROCA Industry was Ioan-Adrian Bindea (Chairman of the Board of Directors), appointed interim as of 29 June until 29 June 2023, then General Manager for three years, until 29 June 2026.

Total net remuneration of the General Manager throughout 2023 was RON 200.6 thousand and was also granted business car.

Roca Industry **Team** which closely collaborates with the CEO is composed of:

Valentin Albu – Chief Financial Officer since April 2022, with over 10 years of experience in business consulting, taxation, accounting and financial analysis.

Valentin aims to contribute to the transformation process, to change the mindset in his portfolio companies. This objective is supported by his ability to manage complex situations, demonstrated in his position as CFO of Electroplast at a time when the company needed financial expertise to stabilise the business. Involved in building and managing financial teams and actively communicates with company management teams on strategic issues

Valentin brings to the team the balance between the need for action and the need for strategic planning, with a trained mindset in the area of identifying the optimal solution.

Ondina Olariu – is the Chief Marketing Officer (CMO) since May 2022, with over 20 years of experience in marketing, both in companies and in the creative industries, when she successfully managed projects in numerous companies such as Danone, Vodafone, BAT, Ursus, Coca-Cola, P&G. Ondina comes to ROCA Industry after her most recent role as Strategic Marketing Consultant, where she interacted with multiple clients and industries, both corporations and Romanian entrepreneurship.

In her role, Ondina ensures the construction of a strategic framework through which marketing tools can be used to maximum benefit for companies and supports management teams to ensure the implementation of these tools, as well as building the teams that ensure successful execution within each company.

Her contribution covers the entire marketing mix, closely related to commercial strategies (pricing, portfolio), but also the area of brand building, market share creation through visibility and consumer impact.

Alexandru Fogarași – Chief Commercial Officer since May 2022, joined Roca Industry with over 17 years of experience in the commercial and construction material sales field, colaborating with companies as Macon, Xella, Holver and Cemacon. Going through all the steps of a career in sales, both in corporations and in entrepreneurial companies, Alexandru brings to projects and companies a deep technical knowledge and experience of multiple industry categories: wood, thermal and sound insulation materials, precast concrete, BCA masonry and ceramics.

Alexandru contributes to the success of the companies through his active involvement in coordinating the commercial activity of the ROCA Industry holding companies, including building cross-company commercial policies.

Ștefan Szitas – is Chief Operations Officer since May 2023, having extensive experience in managing the operational aspects of ROCA Industry companies which was gained in over 15 years in management roles covering the entire value chain, in European building materials production and distribution, development and implementation of oil and gas logistics strategy in Eastern Europe and implementation of major investment projects. During this period he coordinated teams in 6 countries within OMV Petrom, Bravo Europe and Trans Gas LPG Services.

By its role. Stefan contributes to ROCA Industry's mission of reindustrializing Romania by strengthening and streamlining operational processes.

Additional details on team's bios can be accessed on company's website at **The management team | ROCA Industry.**

EMPLOYEES

At aggregated level, at the end of 2023, Roca Industry companies had a total of 960 employees, 103 more employees compared to the end of 2022. The table below includes information regarding the average number and the number of employees at the end of 2022 and 2023.

Company	No employees FY 2022	Avg no employees 2022	No employees FY 2023	Avg no employees 2023
ROCA Industry	4	3	7	5
Bico	239	211	212	188
Terra	171	172	166	145
Europlas	22	23	16	14
Iranga	16	15	17	16
Evolor	130	117	143	132
EED	102	100	212	197
Dial	70	73	75	71
Electroplast	103	99	112	101
Total	**857**	**813**	**960**	**869**

In addition, Workshop Doors, the purchase of which was completed in February 2024, had a total number of 132 employees at the end of 2023, compared to 184 employees at the end of 2022.

ROCA Industry had seven employees on 31 December 2023, all with higher education and an average age of 40. At the time of this report, the management team is almost complete, covering the commercial, operational, financial, marketing, investors' relation and project implementation areas. During 2023, ROCA Industry carried on to shape and unify the team, but also to build an efficient work method. The strengthened team, by the joining of Ștefan Szitas on the position of COO has brought great benefit as the number, scale and pace of projects in companies has increased significantly.

At the level of ROCA Industry there is no employee union organised or a collective bargaining agreement. Regarding the Company's subsidiaries based in Romania, they have collective bargaining agreements, employees' representatives, but not employee unions. For the companies of Republic of Moldova and Lithuania (indirectly owned through Bico), the rights and obligations of the parties, employee and employer, are laid down in the Employment Agreement, Internal Regulations and Labour Code. The law does not stipulate the obligation to enter into collective bargaining agreements.

At the level of the entire Group, "the right person at the right place" is one of the permanent objectives it provides. Therefore, each company strives to identify those people, inhouse or by recruitment from outside, equipped with the necessary skills in the key areas of the activity. The quality of work relationships within the companies is also vital, and constitutes a competitive advantage for the companies. It is thus that the focus is steered towards personal and professional development of the teams of people, in order for them to reach their potential, the expertise and skills, and by such actions management wishes to motivate them and to increase work productivity and personal performance.

PERSPECTIVES REGARDING THE ACTIVITY OF ROCA INDUSTRY

In the context of ROCA Industry's medium and long-term strategy (3-5-7 years) to become one of the market leaders in building materials production, by developing regional champions, benefiting from organic growth but also by creating a group of subsidiaries in this sector of activity, and taking into account the challenges of the market at this time, ROCA Industry's management team analysed the main factors influencing the implementation of the strategy and identified the main prospects for the company's activity in 2024.

ROCA Industry's management emphasizes the continued interest in regional development through mergers and acquisitions, depending on market opportunities. At the same time, the Group's development to date is in line with the established plan. The acquisitions made so far are at the stage of development in the Holding, in the transition stage to the new management model, based on teams of industry professionals, or in the stage of building the development strategy of each individual company.

On the other hand, the economic context, global socio-political influences, as well as the stage of development of the CEE investment market, are factors influencing the acquisition decisions of other companies in the sector; in this sense ROCA Industry has publicly announced its intention to reach a number of 8 companies - direct holdings, in the medium term, and, respectively, the growth of the portfolio companies through M&A processes that can accelerate the evolution of the companies - either by increasing production capacities or by rapid access to technology.

At the Holding level, given ROCA Industry's mission to develop regional champions, the analysis of industries related to building materials production will also be continued to understand how to scale up further accelerated growth of the Holding in the coming years.

Assuming a difficult economic context, sustained by rising interest rates and their maintenance at high levels, with an impact on lending and a snowball effect in all construction-related industries, ROCA Industry estimates that 2024 should also be a year to be viewed with caution, with a difficult to predict evolution in the building materials sector.

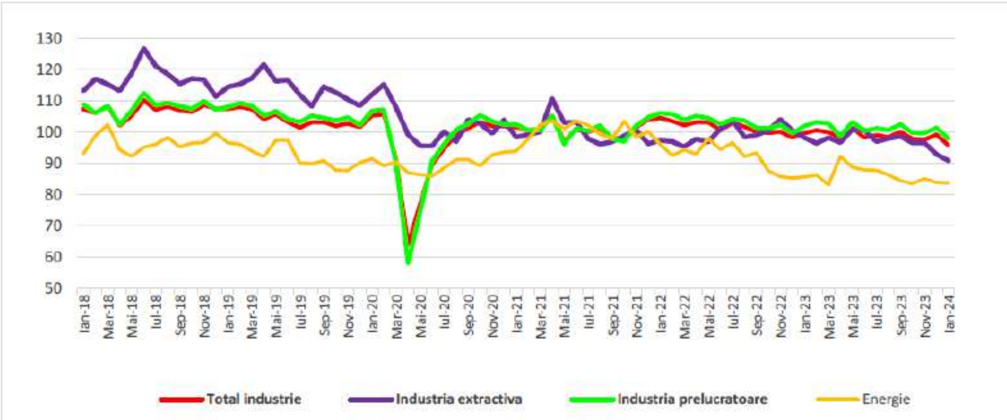
The evolution of the market will be determined by the precarious balance between supply and demand, impacted on both sides - on the one hand by the change in tax rates, the elimination of tax facilities for the industry, with an impact on the price of construction, but also on the price of building materials, on the other hand, the decrease in the number of building permits by 20% compared to 2022, decreases that will impact the level of supply (in 2023, 34,646 building permits were issued for residential buildings, down 20.6% compared to 2022. Decreases were recorded in all development regions: Bucharest-Ilfov (-1648 permits), South-Muntenia (-1.575), North-West (-1.499), West (-1.062), South-East (-1.018), North-East (-1.014), South-West Oltenia (-746) and Centre (-452, source: INS, 2024).

The data available at the time of the report refer to the year 2023 up to the level of the third quarter, and confirm the above-mentioned impact on industry, which has a negative contribution (-0.6%), with a share of 21.0% in the formation of GDP and whose volume of activity decreased by 2.7% (source: NSI; 2024).

Moreover, the monthly data indicate a further weak development of the industrial sector, with the first month of 2024 below the level of previous months (source: NSI, 2024):

Industrial production, working-day and seasonally adjusted series, was 3.4% lower than in the previous month, due to decreases in the three industrial sectors: manufacturing (-3.5%), mining and quarrying (-2.1%) and production and supply of electricity, gas, hot water and air conditioning (-0.3%).

Evoluţia lunară a producţiei industriale
- ianuarie 2018 – ianuarie 2024 -
- serie ajustată în funcţie de numărul de zile lucrătoare şi de sezonalitate -
2021=100



Part of the building materials industry will benefit from the support offered by funding programmes, including the NRP. It is important to note here the dependence of the payment of NRDP instalments not only on the status of contracted works, but also on the implementation and adoption of legislative measures, which may be influenced by political tensions in an election year.

The contextual elements that we track and incorporate into short-term actions in ROCA Industry are:

- Construction wage growth and the impact on construction prices;
- Evolution of consumption;
- Developments in bank lending activities;
- Market changes in the sectors in which we operate (bankruptcies, M&As, local market exits, etc);
- Change in the number of employees in industry and construction;
- The evolution of raw material prices for the industries in which we operate.

In the current context, the Company is considering the following criteria and measures that can be taken at the holding level so that its activity can benefit from the most diverse levers and tools to maximise performance:

- Strengthening more agile management teams at branch level;
- Contribute to the improvement of Finance, HR, Operational and IT systems;
- Completing the commercial skills in the branches;
- Investing in innovation and new product development at subsidiary level so that we can pivot to other more resilient markets at this time;
- Creating synergies between the subsidiaries through which Roca Industry does business through (i) selling integrated product bundles, (ii) access to common customers and markets, (iii) common market strategies,

(iv) access to new markets, (v) access to a broader supplier base, (vi) supply chain efficiencies, and (vii) creation of a common information and resource hub ;

- In addition, Roca Industry's management is paying close attention to reducing costs by:
  - Streamlining production flows;
  - Energy efficiency;
  - Securing the supply chain in today's volatile market ;
  - Investments for energy efficiency in subsidiary factories - for example, Bico, Dial and Evolor are planning investments for the installation of photovoltaic panels.

BICO's plans for 2024 include the following:

- Completing the integration of the three newly acquired companies both operationally and commercially;
- Implementation of a new ERP and standardization of work processes across the current size of the organization;
- ISO certification in all external subsidiaries of the BICO group;
- Implementation of a commercial policy based on the flexibility given by the 5 factories, different products and different cost structures, a strategy based on increasing exports and entering at least 2 major new markets;
- Initiate a process of building a Romanian Brand, valid internationally, which will support the process of expansion of the company in multiple markets;
- Programmes to increase presence in European Union countries, accessing new markets. Finalizarea integrării celor 3 companii nou achiziționate atât din punct de vedere operațional, cât și din punct de vedere comercial;

The plans of EVOLOR for 2024 include:

- Continue implementing the strategy developed in the second half of 2022 for multi-year development in the period 2023 - 2027, which includes a significant increase in business and strengthening the company's position on the national market, as well as opening the way to a regional leadership position;
- Making significant investments directed towards the operationalization of the former paint plant acquired in 2023, further technological upgrading and increasing production capacities in several sections, such as decorative plasters, washable paints and varnishes and enamels, as well as modernization of the vehicle fleet;
- Maximising the development of the innovation pillar by allocating the necessary resources to create a strong R&D department, which is already involved in the development of new innovative, feasible products for the green building segment. These products are included in a broad process of refreshing the product portfolio to contribute to further expansion in foreign markets, accessing sustainable sources of financing, also facilitated by the membership of the holding company.

In 2024 EED targets:

- Completion of the commercial policy based on expansion of distribution

channels, including expansion into other European markets;
- Analysis and exploitation of synergies generated by the entry of Workshop Doors into the ROCA Industry portfolio;
- Completion of the management team and stabilisation of the management team, given the increasing complexity of the new company;
- Implementation of a new, more efficient ERP capable of leading to more effective business management;
- Building brand positioning, introducing the design concept in annual collections, aiming to be relevant to each sales channel;
- Moving to an effective model of evaluation, monitoring and development of an extended team;
- Improving results on sustainability issues as a responsible resource management system.

DIAL

Given **DIAL's** specific market development at this point in time, as well as the fact that the current product portfolio does not cover the industrial areas that are receiving EU funding at this time (e.g. infrastructure), and the residential category offers limited segmentation and premiumisation opportunities, management believes that DIAL may need a longer growth recovery curve. Under these circumstances, one of the management team's priorities is to identify areas for the company's future development, in parallel with a focus on the commercial area, including maintaining and increasing exports. Thus, during 2024, **DIAL** projects relate to the following:

- Constantly adapting commercial policies to the market context;
- The market research conducted in 2023 will help the company to identify new products needed to complete the current assortment;
- Positioning as a leader in fencing and perimeter security solutions;
- Continue to invest in green energy production and improve sustainability indicators.

ELECTROPLAST

In 2024 **ELP** aims to continue investing in equipment refurbishment as part of an investment project currently under analysis, approval and implementation, with an estimated value of EUR 9 million. It will run until 2028, and in 2024 procedures will be initiated to purchase equipment to replace obsolete and high consumption equipment. Part of this project, worth EUR 2.2 million, is under funding approval at the Ministry of Energy and aims to replace two key pieces of equipment in the manufacturing flow with modern, energy-efficient equipment with higher productivity and variety in execution. The project will be financed partly from own sources (EUR 1.1 mn) and partly from leases, bank financing or European funds through PNRR.

The objectives of this project include:

- Operational efficiencies as well as reduction of energy consumption, and thus greenhouse gases, which are reduced by 41% for the equipment;
- Massive scaling up of production capacity;
- Diversification and completion of the low-voltage cable product range: flexible, rigid armoured and non-armoured cables, which account for 65% of the market;
- Expansion of distribution channels, including on foreign markets.

STANDALONE REVENUE AND EXPENSE BUGET FOR 2024

The development of Roca Industry Holding aims to create an ecosystem through which growth and profitability reflected in dividends will result from the development of companies and the creation of new business lines in the long term, as mentioned in the prospectus for the listing on the AeRO market of the BSE. Thus, in its second year on the stock market, Roca Industry is continuing the holding's development plans, both through M&A transactions and new investments in group's companies.

2024 Standalone Profit and Loss Account	Amount (RON)
Operational income	-
Operational expenses	8,130,668
Financial income	5,126,711
Financial expenses	771,660
Gross result	-3,793,617
Net result	-3,793,617
Number of shares	24,867,222
Net share result	-0.15

Roca Industry is a holding company with no operating income of its own, recording income mainly from dividends distributed by the companies held and other financial income. Thus, the Standalone Revenue and Expense Budget for 2024 is based on the following major objectives:

- **Financial incomes** comprise interest income on intra-group loans granted. As part of its holding strategy, most of the direct acquisitions were made through investment vehicles (SPVs) set up to provide the necessary financing structure (Leveraged Buyouts - Roca Industry's own credit facility and sources). To access these facilities, the SPVs agreed with the banks on certain conditions, including the limitation of dividends to be distributed in the coming period. With the merger between the SPVs and the acquired companies (completed within less than one year of the acquisition, in accordance with the terms of the loan agreements), these liabilities and conditions were taken over by the directly productive companies that absorbed the SPVs.
- **Financial incomes** comprise the interests corresponding to the received loans.
- The significant values from **operational expenses** include:
  - **Salary expenses & payment of the members of the Board of Directors generated including by the development of a performant management team on the Romanian industry** – In 2023 the management team (including 7 members at the budget time) was supplemented to cover the main fields of activity for the holding's companies. The team is directly involved in the development and implementation of the growth strategies within the companies belonging to ROCA Industry. The Board of Directors will continue to include 5 members.
  - **Investor Relations (IR) costs, including to increase transparency and implementation of best practice principles in investor communications** – These costs are to be allocated both for the performance of the holding company's legal obligations (in relation to

shareholders and capital market regulators) and for the organisation of specific investor events (conferences, meetings, Investors Day).

- **Marketing and PR expenses for significant business marketing investments** - The holding's marketing activities are directed towards understanding and maintaining a solid knowledge base about each industry, market, its evolution and the main players; to build positioning and communication of the Holding's evolution; to generate new business contacts and to establish strategic partnerships that subsequently involve the group companies. Given the public nature of the company, beyond the reporting required by governance, maintaining transparency and ongoing communication with the broad groups of retail investors contributes to an understanding of the company's performance and stable share price behaviour.
- **ESG expenses for significant investments in the sustainability pillar** - Ever since the creation of Roca Industry, the management team has been committed to developing a sustainable business model. We maintain the same objective in 2024 by implementing a set of actions and objectives based on the data provided by the holding companies.

CONSOLIDATED REVENUE AND EXPENSE BUGET FOR 2024

At the time of this report, ROCA Industry operates and implements its business strategy through its directly and indirectly owned subsidiaries: BICO INDUSTRIES, TERRA IMPEX, EUROPLAS LUX, IRANGA TECHNOLOGIJOS, EVOLOR, ECO EURO DOORS, DIAL, ELECTROPLAST and WORKSHOP DOORS.

ROCA Industry's mission is to contribute to the reindustrialization of Romania, by adding to the holding company several medium-sized building materials companies (8-10 companies) that do not have access to the capital market or institutional investors to finance their development. Thus, through a structured transformational process, ROCA Industry aims to contribute to their efficiency and improved performance, aiming at regional leadership positions for the companies in its portfolio. whose value it aims to increase over time through the correct and consistent application of the right business strategies for each one.

RON	ROC1 consolidated IFRS
Turnover	**655,424,856**
Total direct costs	503,560,298
Gross Margin	151,864,158
GM %	23%
Total indirect costs	86,358,322
EBITDA	**65,505,835**
EBITDA %	10%
EBIT	39,744,595
EBIT %	6%
Net result	**6,241,957**
Net result%	1%

Note - The data provided considers ROCA Industry's ownership in each company as well as the individual budgets of these companies. These indicators are estimated in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as amended

ROCA Industry aims to achieve a turnover of RON 655.4 million in 2024 through its subsidiaries, an increase of 54% compared to the consolidated result of 2023. This growth is based on the expansion of distribution channels, an increase in quantities sold, but also on the full inclusion in the consolidated financial statements of the companies that joined the holding company during 2023 (Electroplast's performance was included in the financial statements for 2023 from July, Europlas's performance was included from October, and Iranga's performance was included from May, when BICO took over in full both companies, Workshop Doors was not included in the consolidation perimeter in 2023).

Direct costs include all expenses involved in the production process of the subsidiaries (e.g. raw material costs, inventories variation, merchandise costs, personnel costs, etc.) and indirect costs include the holding company's expenses.

EBITDA is eroded by depreciation of subsidiaries' non-current assets, amortisation of brands and customer relationships identified through business combinations, negative financial result (mainly bank interest) and income tax. Thus, ROCA Industry aims to achieve a consolidated net profit of RON 6.3 mn in 2024.

It is important to note that the data presented above does not include new transactions in which the holding company will be involved during 2024, if any. ROCA Industry does not have an overview of these transactions at this time, but the company's management will keep the market informed through current and/or financial reports as soon as additional information becomes available in this regard.

The main key indicators estimated for ROCA Industry Group companies are detailed in the table below. Please note that, unlike the consolidated indicators prepared in accordance with International Financial Reporting Standards, the individual indicators are presented in accordance with the Order of the Minister of Public Finance No. 1802/2014 as amended, different accounting regulations from those underlying the preparation of the consolidated indicators in the table above.

Key indicators estimated for 2024 (OMFP)	Evolor	Bico Group	EED	Dial	ELP	Workshop	Total cumulated
Turnover	109,791,231	167,460,210	64,838,318	66,435,365	170,184,006	76,715,726	655,424,856
Net Interest Margin	37,727,203	38,748,713	18,172,601	15,604,725	23,559,421	18,051,494	151,864,158
GM %	*34%*	*23%*	*28%*	*23%*	*14%*	*24%*	*23%*
EBITDA	14,717,947	18,512,192	7,376,788	9,299,738	10,468,971	11,536,143	71,911,779
EBITDA %	*13%*	*11%*	*11%*	*14%*	*6%*	*15%*	*11%*
EBIT	6,344,105	11,535,327	516,657	5,509,380	7,658,897	10,158,664	41,723,031
EBIT %	*6%*	*7%*	*1%*	*8%*	*5%*	*13%*	*6%*
Net Result	-836,398	4,254,456	-4,035,836	150,413	2,247,987	6,439,772	8,220,393
Net Result %	*-1%*	*3%*	*-6%*	*0%*	*1%*	*8%*	*1%*

ROCA Industry's subsidiaries continue the process of upgrading and investing in equipment that will ensure medium and long-term development:

Budgeted level	Evolor	Bico Group	EED	Dial	ELP	Workshop	Total cumulated
CAPEX 2024	8,591,759	22,098,3 84	2,050,075	8,980,676	3,257,073	1,377,479	46,355,446

Evolor – aims to increase its turnover by 14% in 2024 compared to 2023, this in turn is 24% higher than in 2022. Evolor's main strategic lines considered in the budget for 2024 are: launching new products, maximising current channels, and identifying new sales channels. At the EBITDA level the company is targeting a 3% increase versus the previous year, with a margin of 13%, on the back of continued operational efficiencies. Depreciation and amortisation, as well as financial costs still expected to be at a high level, leads to an estimated net loss of RON 0.8 million.

BICO (at consolidated level, including Terra, Europlas and Iranga) - aims to increase its turnover by 15% in 2024 compared to 2023, considering its main strategic lines: integrating new companies into the Bico Group, launching new products, maximising current distribution channels, and identifying new sales channels, especially in the export area which grew significantly in 2023. The focus in 2024 will be on operational optimizations, higher sales (quantitative/value), but also the development of new products on the most profitable business lines, so management expects a recovery in EBITDA and profitability.

EED – aims for a turnover in 2024 that is 17% higher than in 2023. The estimates consider the main strategic lines, i.e. launching new products, maximising current distribution channels, and identifying new sales channels. This approach is a cautious one given the stage the company is in - a transformation process following entry under the holding umbrella which has even led to a budget shortfall for 2023. At the EBITDA level, management believes that higher sales volumes (quantitative/value) as well as operational efficiencies will generate a margin of around 11%. This will be eroded by depreciation and amortisation, as well as continued high financial expenses, so EED will continue to post a net loss, albeit at a lower level than for 2023.

Dial – aims for a 31% increase in turnover in 2024 compared to 2023 and a slight increase compared to 2022 (+1%). The main strategic lines concern the launch of new products, maximising current distribution channels, identifying new sales channels, and developing the export area. ROCA Industry's management considers 2024 as a year of consolidation, in which the EBITDA margin will return to the level recorded in 2022. Thus, the target for 2024 is to have an 8 percentage point increase compared to 2023 because of operational optimization and product mix. Also, in terms of net result, a positive development is expected.

Electroplast – aims for a 9% increase in turnover in 2024 compared to 2023 because of the company's strategy to maximise its current sales channels, identify new channels, develop the export area, finalise ongoing investment projects and initiate new ones in rail and civil infrastructure, including by accessing PNRR funds from the second quarter of 2024. At the EBITDA level, the company is targeting a 35% increase versus 2023 because of operational optimisation, the impact that new investments will have on the company's production capacity, as well as higher sales (quantitative/value).

Workshop – aims for a 58% increase in turnover in 2024 compared to 2023. The main strategic lines of the newly joined company are to maximize current sales channels, identify new channels and develop new products. Although Workshop will enter the transformation curve, which will be reflected in the EBITDA level (estimated to decrease by 5% in 2024 versus the previous year), the company has the capacity to generate sufficient turnover to cover a complex cost structure, so its target in terms of turnover is ambitious.

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

The financial information included in this chapter has been extracted from the consolidated financial statements, under audit, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, as amended, as at and for the years ended 31 December 2022 and 2023.

In the consolidated financial statements, in accordance with current legislation, the performance of each company included in the holding company is considered from the time of the acquisition, without including previous achievements. Consolidation is conducted considering the holdings held by the holding company in each company. Therefore, in Roca Industry's consolidated financial statements for 2023, the performance of all companies acquired during 2022 has been included (Terra, EED, Dial), while in those for 2022, Terra's performance is only included from April 2022, EED's performance is included from June 2022 and Dial's results have been considered starting with October. In the case of Europlas, for the period January-September a share of the net result achieved up to that time was recognised, as it was a minority indirect shareholding of Roca Industry (BICO held 55%). Since October, when BICO took over the entire company, Europlas's performance has been included in the scope of consolidation. Regarding ELP, the company's performance is incorporated in the 2023 financial statements from July onwards, while it was not included in the 2022 results. Additionally, following Bico's capital increase at the end of July 2023, ROCA Industry decreased its ownership from 70% to 60% of the company.

Companies(% consolidation)	**2023**			**2022**
BICO	70% (Jan-Jul)	60% (Aug-Dec)		70%
Terra	70% (Jan-Jul)	60% (Aug-Dec)		70% (since Apr)
Europlas	35% (Jan-Aug)	33% (Aug-Sept)	60% (Oct-Dec)	35% (since Nov)
Iranga	70% (mai-iul)		60% (Aug-Dec)	-
EVOLOR	100%			100%
Doorsrock4*	100% (Jan-Jul, until merger with EED)			100%
Eco Euro Doors	100%			70% (starting Jun)
Nativerock1*	100% (Jan-Jul, until merger with Dial)			100%
DIAL	100%			100% (starting Oct)
Electroplast S.A.	100% (starting Jul)			-

** Doorsrock4 and Nativerock1 (SPVs) were dissolved during 2023 because of a merger by absorption by Eco Euro Doors and Dial, respectively, companies acquired by ROCA Industry through these vehicles*

The company's management points out that the financial statements of ROCA Industry presented above were prepared in accordance with the Order of the Minister of Public Finance No. 1802/2014 as amended, different accounting regulations from those on which the preparation of the preliminary financial statements for 2023 was based. Thus, the figures presented in the previous reports are not comparable with the information presented in this report, as the recognition principles under International Financial Reporting Standards give rise to differences in the recognition and interpretation of financial information.

CONSOLIDATED P&L ANALYSIS

	31-Dec-22	31-Dec-23
	(audited)	**(audited)**
Revenue	261,461,493	425,863,799
Other operating income	1,780,230	1,392,430
Changes in inventories of finished goods and work in progress	20,559,085	(15,147,488)
Raw materials, consumables used and merchandise costs	(193,721,409)	(270,521,860)
Depreciation and amortisation	(13,352,454)	(22,918,628)
Employee benefit expenses	(38,537,962)	(68,188,370)
Advertising costs	(1,449,810)	(7,654,757)
Impairment of goodwill	(9,855,137)	-
Expenses with rendered services and utilities	(27,401,797)	(41,593,451)
Other gains/(losses) – net	(1,264,827)	(3,558,212)
Loss on derecognition of associate	-	(705,018)
Loss on liquidated entity	-	(17,047)
Operating profit / (loss)	**(1,782,588)**	**(3,048,562)**
Finance income	37,402	699,530
Finance costs	(8,144,043)	(18,446,653)
Net finance costs	**(8,106,641)**	**(17,747,123)**
Share of net profit of associates accounted for using the equity method	(49,715)	(206,065)
Profit / (Loss) before income tax	**(9,938,944)**	**(21,001,750)**
Income tax expense	(39,069)	(128,838)
Profit / (Loss) for the period from continuing operations	**(9,978,013)**	**(21,130,588)**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(183,625)	887,098
Revaluation of property, plant and equipment	2,795,504	18,305,263

	31-Dec-22	31-Dec-23
	(audited)	**(audited)**
Tax related to property, plant and equipment	(447,281)	(2,926,767)
Other comprehensive income for the period, net of tax	**2,164,598**	**16,265,594**
Total global result	**(7,813,415)**	**(4,864,994)**
Profit / (Loss) is attributable to:		
Owners of the Company	(10,867,424)	(19,394,198)
Non-controlling interests	889,411	(1,736,390)
	(9,978,013)	**(21,130,588)**
Total comprehensive income for the period is attributable to:		
Owners of the Company	(8,647,738)	(4,757,864)
Non-controlling interests	834,323	(107,130)
	(7,813,415)	**(4,864,994)**
Earnings per share		
Basic and diluted earnings per share (RON)	**(0.61)**	**(1.10)**

Revenue was 62.9% higher in 2023 compared to 2022, not fully comparable due to the different impact of acquisitions (direct and indirect) in the two periods. 34% of the 2023 revenue was generated by the BICO Group (production of glass fibre and glass fibre reinforcement), while EVOLOR (production of varnishes, paints and decorative plasters) contributed with 22.6% of total revenue, EED (production of doors for residential buildings) with 13.0%, DIAL (production of edged panels and mesh fencing) with 11.9% of total revenues and ELP (production of electric cables, company acquired at the end of June 2023) with the remaining 18.4% of the total.

Split of revenues	**2022**	**2023**
Revenue by product line		
Fiberglass and fiberglass reinforcement	132,876,211	144,963,007
Varnishes, paints and decorative plasters	77,029,926	96,209,238
Doors for residential buildings	39,448,801	55,479,732
Edged panels and fencing mesh	12,106,555	50,696,545
Electric cables	-	78,515,277
	261,461,493	**425,863,799**

Of the total revenues of RON 425.9 mn as of 31 December 2023, 78.7% (RON 335.2 million) is generated by sales to customers in Romania, the rest being generated mainly by the BICO Group with foreign partners (mainly Italy, Germany, Bulgaria, Greece, Croatia).

ROCA Industry is a holding company with no operating income of its own, recording income mainly from dividends distributed by its portfolio companies and other financial income, so the entire amount of income comes from the consolidation of its portfolio companies.

Other operating income, totalling RON 1.4 mn at 31 December 2023 (compared to RON 1.8 mn at the end of 2022), is mostly made up of revenues from government grants accessed by group companies through European programmes, for investments.

The changes in inventories of finished goods and work in progress, amounting to RON -15.1 mn at the end of 2023 (compared to a positive value of RON 20.6 mn in 2022), was mainly generated by the BICO Group (RON -16.8 mn) and DIAL (RON -0.90 mn), the result of which was partly offset by positive changes in the other companies held by the holding company. As market demand decreased, coupled with a high level of stock accumulated during 2022 at a high raw material purchase price, the companies in the BICO Group slowed down the production process in their destocking process started in October 2022.

Operating expenses

Raw materials, consumables used and merchandise costs at consolidated level reached RON 270.5 mn, compared to RON 193.7 mn in 2022, up by 39.6%. The high share of this category of expenses in the total operating expenses is a normal aspect given the core business of the Group companies and is directly impacted by the volume of sales during the period under review. At consolidated level, another factor influencing the variation in expenses was the timing of the companies' entry under the ROCA Industry umbrella, thus the values presented represent the cost of consumption of raw materials and merchandise recorded only in the consolidation period.

Employee benefits expenses increased 76.9% in 2023 versus 2022, both because of new companies entering the consolidation perimeter, as well as based on the increase in construction wages, but also given the initiation of implementing ROCA Industry's operational transformation strategy.

The operational transformation strategy emerges as a necessity when a new company is acquired, as usually it has a small employee structure, typical of an entrepreneurial business model not particularly oriented towards innovation, growth and development. As a first step to improve the operational activity, after completion of the acquisition process, ROCA Industry pays particular attention to completing and strengthening the management team made up of seniors with experience and expertise in the field.

Expenses with rendered services and utilities reached a level of RON 41.6 mn at the end of 2023, by 51.8% above the level of 2022, and mainly comprise expenses for utilities, transport, maintenance and repairs, insurance.

The operating result influenced also by the 2023 market context led to a EBITDA at consolidated level of RON 24.1 mn (EBITDA margin of 5.6% of turnover), compared to a level of RON 22.0 mn at the end of 2022 (EBITDA margin of 8.4% of turnover). The contribution of each company to EBITDA is as follows:

EBITDA Split	**2022**	**2023**
EBITDA by product line		
Fiberglass and fiberglass reinforcement (BICO Group)	11,316,925	5,377,189
Varnishes, paints and decorative plasters (EVOLOR)	9,578,841	14,770,904
Doors for residential buildings (EED)	5,137,401	1,925,037
Edged panels and fencing mesh (DIAL)	(893,398)	2,879,033
Electric cables (ELP)	-	5,434,060
EBITDA productive companies	**25,139,769-**	**30,386,223**
ROCA Industry – standalone	(3,095,892)	(6,334,621)
EBITDA consolidated	**22,043,877**	**24,051,602**

During 2023 the productive companies (considering within the BICO Group also Terra, Iranga and Europlas) achieved EBITDA margins between 3.5% (EED) and 15.4% (EVOLOR). The year 2023 was characterised by higher sales in some segments, but with pressure on applied trade margins. At the same time, through the implementation of the operational development strategy involving both growth through CAPEX investments and M&A operations to ensure a solid foundation, in an economic context that will not be free of challenges and influences beyond the Group's control.

Consolidated EBITDA was eroded by depreciation and amortisation expenses totalling RON 22.9 mn, 71.6% higher than at the end of 2022, on the back of the depreciation of the assets of the new companies entering the consolidation perimeter, but also because of the investments made by the companies to expand production capacity and streamline operations. Thus, at the end of 2023, the operating loss reached a level of RON 3.1 mn, compared to a loss of RON 1.8 mn in 2022.

The financial loss of RON 17.8 mn, an increase of 119.0% compared to the result at the end of 2022, was generated by financial expenses of RON 18.5 mn, mainly representing interest expenses related to LBO credit facilities taken out to finance company acquisitions, as well as credit facilities taken out by ROCA Industry portfolio companies to finance investments and current activity. At the same time, financial income, amounting to RON 0.7 mn as at December 2023, mostly represents interest income on short-term deposits.

Taking all these items into account, the consolidated loss for the period before income tax was RON 21.0 mn (compared to RON 9.9 mn on 31 December 2022). Its breakdown by business line is shown below.

	2022	**2023**
Loss by segments, before income tax		
ROCA Industry	(3,474,165)	(6,794,030)
Fiberglass and fiberglass reinforcement (BICO Group)	(8,011,763)	(9,061,221)
Varnishes, paints and decorative plasters (EVOLOR)	5,389,544	7,788,788
Doors for residential buildings (EED)	(1,525,456)	(9,067,563)
Edged panels and fencing mesh (DIAL)	(2,317,104)	(4,602,066)
Electric cables (ELP)	-	734,342
	(9,938,944)	**(21,001,750)**

ROCA Industry recorded a net loss at consolidated level of RON 21.1 mn during 2023, of which a loss of RON 19.4 mn is allocated to the parent company and the difference of RON 1.7 mn is allocated to non-controlling interests.

CONSOLIDATED BALANCE SHEET ANALYSIS

	31-Dec-22 (audited)	31-Dec-23 (audited)
ASSETS		
Non-current assets		
Goodwill	69.706.149	84.923.483
Other intangible assets	95.242.919	110.840.590
Property, plant and equipment	130.462.278	206.439.728
Right-of-use assets	6.629.426	14.654.827
Investment in associates	1.070.610	-
Other non-current assets	41,208	34,800
Total non-current assets	**303,152,590**	**416,893,428**
Current assets		
Inventories	101,026,476	89,411,631
Trade receivables	22,279,728	75,517,971
Other current assets	4,982,756	4,157,089
Prepayments	127,400	1,291,575
Restricted cash	494,740	-
Cash and cash equivalents	42,434,560	38,501,727
Total current assets	**171,345,660**	**208,879,993**
TOTAL ASSETS	**474,498,250**	**625,773,421**
EQUITY and LIABILITIES		
Capital and reserves		
Share capital	176,945,730	176,945,730
Share premium	38	38
Transaction costs on issuance of shares	-	-
Revaluation reserve	2,348,223	16,452,299
Conversion reserves	(128,537)	403,721
Retained earnings	(18,246,667)	(32,782,295)
Total equity	**160,918,787**	**161,019,493**
Non-current liabilities	17,732,186	22,579,427
Total equity	**178,650,973**	**183,598,920**

	31-Dec-22	31-Dec-23
	(audited)	**(audited)**
Non-current liabilities		
Borrowings	133,469,839	158,599,061
Leasing liabilities	3,498,080	8,577,857
Governmental grants	4,586,442	2,699,312
Deferred tax liabilities	16,754,947	20,159,077
Total non-current liabilities	**158,309,308**	**190,035,307**
Current Liabilities		
Borrowings	66,807,063	109,550,643
Lease liability	1,802,308	2,902,105
Liabilities related to acquisition of subsidiaries	30,057,910	68,758,901
Trade and other payables	32,761,647	62,051,101
Employee benefits - current	3,471,202	5,582,265
Current tax liabilities	1,641,832	804,398
Governmental grants	996,007	2,489,781
Total current liabilities	**137,537,969**	**252,139,194**
Total liabilities	**295,847,277**	**442,174,501**
TOTAL EQUITY AND LIABILITIES	**478,498,250**	**625,773,421**

At the end of 2023, **total assets** at consolidated level amounted to a total of RON 625.8 mn, up 31.9% compared to the value on 31 December 2022. The increase is mainly due to the inclusion in the scope of consolidation of the acquisitions during 2023 (Electroplast, Iranga and Europlas) whose financial position is not reflected in the financial statements of 2022. The structure, broken down by operating segment (eliminating the impact of ROCA Industry) is shown in the table below.

	31-Dec-22	31-Dec-23
Varnishes, paints and decorative plasters (EVOLOR)	115,521,962	129,176,056
Fiberglass and fiberglass reinforcement (BICO Group)	165,938,894	168,960,347
Doors for residential buildings (EED)	119,526,937	113,505,645
Edged panels and fencing mesh (DIAL)	70,514,164	82,603,158
Electric cables (ELP)	-	130,375,345
	471,501,957	**624,620,551**

Non-current assets

Non-current assets at consolidated level increased by 37.5% compared to 2022, reaching RON 416.9 mn. The effect of company acquisitions in 2023 was mainly felt on **property, plant and equipment** (+58.2% compared to 2022), mainly consisting of land and buildings, equipment, fixed assets under construction and advances for non-current assets. In addition, **goodwill** advanced by 21.8% to a total of RON 84.9 mn at the end of 2023 because of the companies acquired during the year (ELP, Iranga and Europlas). Their structure is presented in the table below.

	31-Dec-22	31-Dec-23
Varnishes, paints and decorative plasters (EVOLOR)	35,389,467	35,389,467
Fiberglass and fiberglass reinforcement (BICO Group)	17,451,056	18,846,947
Doors for residential buildings (EED)	10,730,885	10,730,885
Edged panels and fencing mesh (DIAL)	6,134,741	6,134,741
Electric cables (ELP)	-	13,821,443
	69,706,149	**84,923,483**

Other intangible assets (+16.4% compared to 31 December 2022) mainly include trademarks, customer relationships and licenses and other intangible items, with the increase coming mainly from the acquisition of ELP.

Current assets

Total **current assets** on 31 December 2023 amounted to RON 208.9 mn, up by 21.9% compared to the amount on 31 December 2022. Of these, the most important component was **inventories**, amounting to RON 89.4 mn, which showed a 11.5% decrease between the two periods. The main components are raw materials, finished goods and merchandise, work in progress and advances for the purchase of inventories of companies in the scope of consolidation.

Receivables at consolidated level at 31 December 2023 amounted to RON 75.5 mn, increasing more than 3 times compared to the end of 2022, a development generated by the consolidation of ELP.

Cash and cash equivalents were in total amount of RON 38.5 mn, 9.3% below the level as of 31 December 2022.

Equity and liabilities

The **equity** did not change significantly, reaching a level of RON 183.6 mn at 31 December 2023, compared to RON 178.7 mn at the end of 2022. The paid-up capital, at the same level as in the previous period, in the amount of RON 176.9 mn, is made up of paid-up subscribed share capital in the amount of RON 105.9 mn and the contribution in kind of 70% of BICO's shares of RON 71 mn. The revaluation reserves recorded a considerable advance, reaching RON 16.5 mn at 31 December 2023 compared to RON 2.4 mn at the end of 2022, on the back of the revaluation of assets at subsidiary level.

Total liabilities at consolidated level were 49.5% above the level on 31 December 2022, reaching a total of RON 442.0 mn. Their breakdown by operating segment (eliminating the influence of ROCA Industry) is as follows:

	31-Dec-22	31-Dec-23
Varnishes, paints and decorative plasters (EVOLOR)	79,923,391	84,539,437
Fiberglass and fiberglass reinforcement (BICO Group)	74,000,007	83,348,483
Doors for residential buildings (EED)	86,398,951	77,836,883
Edged panels and fencing mesh (DIAL)	48,917,214	52,763,242
Electric cables (ELP)	-	73,184,179
	289,269,563	**371,672,224**

Long-term liabilities at consolidated level as of 31 December 2023, with a 43.0% share in total liabilities, amounted to a total of RON 190.0 mn, 20.0% above the level recorded at the end of 2022. The increase was due both to the inclusion of new companies in the consolidation perimeter, as well as to new credit facilities taken out by companies to finance investments or current activity.

Long-term borrowings are the most important component of long-term liabilities, amounting to RON 158.6 mn, +18.8% compared to the end of 2022. The changes compared to the amount as at 31 December 2022 come from the long-term portion of new credit facilities contracted by Group companies and from the impact of the credit facilities taken over at ELP's acquisition (RON 14.3 mn). Details of all long-term borrowings of Group companies are disclosed in Note 24 to the consolidated financial statements.

Another item that has increased significantly is lease liabilities, which at the end of 2023 reached a level of RON 8.6 mn, compared to RON 3.5 mn at the end of 2022. These debts represent leasing facilities contracted mainly for the purchase of equipment necessary to carry out the current activity.

Deferred tax liabilities of RON 20.2 mn are determined on the basis of the specific corporate tax rate of each subsidiary (RO - 16%, MD - 12% and Lithuania 15%).

Short-term liabilities at consolidated level at the end of 2023 reached a total of RON 252.1 mn, almost double the level at the end of 2022. The most important items in their structure are borrowings (RON 109.6 mn), trade and other payables (RON 62.0 mn) and payables related to the acquisition of shareholdings (RON 68.8 mn).

Short-term borrowings (RON 109.6 mn as at 31 December 2023, +64% compared to 31 December 2022) increased mainly due to the consideration of ELP in the scope of consolidation (short-term loans of RON 34.8 mn needed to carry out the current activity and to finance working capital, including through a factoring line), as well as a new loan taken by ROCA Industry from its majority shareholder, needed for financing the current activitu and for DIAL according to the mentiones already made public as detailed in the current report No 37/2023. Details of all short-term borrowings of Group companies are disclosed in Note 24 to the consolidated financial statements.

Trade and other payables reached a level of RON 68.8 mn at 31 December 2023, compared to RON 30.1 mn at the end of 2022 following the acquisition of 99.99997% of the share capital of Electroplast, while the debts of the other companies have decreased (EVOLOR) or have been completely extinguished (debts to former shareholders of Eco Euro Doors and DIAL), as detailed in the table below. The debts in relation to ELP were extinguished at the beginning of 2024 following the completion of the share capital increase of ROCA Industry, on which occasion they were converted into equity.

	31 December 2022	31 December 2023
EVOLOR – towards former shareholders	14,747,962	12,346,125
DIAL	2,473,745	-
Eco Euro Doors	12,836,203	-
ROCA Investments after acquisition of ELP	-	56,412,776
Total	**30,057,910**	**68,758,901**

Trade and other payables reached a level of RON 62.1 mn at 31 December 2023, compared to RON 32.8 mn at the end of 2022. A significant part of the entire increase (RON 21.4 mn) comes from the inclusion of ELP, Iranga and Europlas in the consolidation perimeter, the difference being generated by the activity of the other companies in the Group.

CONSOLIDATED CASH-FLOW ANALYSIS

	2022	2023
Cash flows from operating activities	**52,095,679**	**28,373,779**
Income taxes paid	140,850	(2,182,054)
Net cash inflow from operating activities	**52,236,529**	**26,191,726**
Net cash (outflow) from investing activities	**(172,721,277)**	**(49,907,162)**
Net cash inflow from financing activities	**83,413,868**	**18,895,506**
Net increase / (decrease) in cash and cash equivalents	**(37,070,879)**	**(4,819,930)**
Cash and cash equivalents at the beginning of the financial year	79,689,064	42,434,560
Effects of exchange rate changes on cash and cash equivalents	(183,625)	887,097
Cash and cash equivalents at end of year	**42,434,560**	**38,501,727**

Cash Flows from Operating Activities

At consolidated level, net cash from operating activities reported as of 31 December 2023 was RON 26.2 mn, compared to net cash generated in 2022 of RON 52.2 mn. The decrease in cash flow was caused by all the elements that negatively affected the operating activity of the companies in the consolidation perimeter and led to the recording of a net loss of RON 21.1 mn.

Net Cash Flows Used in Investing Activities

ROCA Industry had during 2023 a net cash used in investment activities of RON 49.9 mn, 71.1% lower than that reported during 2022 (RON 172.7 mn). The amounts were used, on the one hand, for the acquisition of new companies for the expansion of ROCA Industry's activity at the regional level (RON 23.1 mn), as well as for investments in equipment made by portfolio companies (cash used of RON 28.6 mn).

Net Cash Flow from Financing Activities

At the end of 2023, ROCA Industry recorded a net cash flow generated from financing activities totalling RON 18.9 mn, down 77.3% compared to the amount reported as of 31 December 2022 (RON 83.4 mn). This development was due to both the taking out of new loans or the utilisation of existing ones (loan proceeds of RON 75.2 mn), the repayment of loans and leases under the terms of financing of RON 51.6 mn, as well as payments of due interest of RON 14.9 mn, plus proceeds from non-controlling interests (BICO share capital increase).

ROCA INDUSTRY

ANALYSIS OF STANDALONE FINANCIAL RESULTS

P&L ANALYSIS

	31-Dec-22 (audited)	31-Dec-23 (audited)
Other operating income	771	1,086
Finance income	6,059,155	6,781,937
Depreciation and amortisation	(243,392)	(214,163)
Employee benefit expenses	(1,406,269)	(2,929,120)
Transport costs	(30,406)	-
Finance costs	(194,258)	(636,509)
Advertising costs	(309,678)	(554,048)
(Impairment)/ reversal of impairment of investments	(12,385,542)	3,665,000
Other operating expenses	(1,350,309)	(2,852,537)
Other gains/(losses) – net	59,305	1,974
Profit / (Loss) before income tax	**(9,800,623)**	**3,263,620**
Income tax expense	(28,363)	373
Profit / (Loss) for the period from continuing operations	**(9,828,986)**	**3,263,993**
Other comprehensive income for the period, net of tax	**-**	**-**
Total comprehensive income for the period	**(9,828,986)**	**3,263,993**

ROCA Industry is a holding company with no operating income of its own, recording income mainly from dividends distributed by the companies held in the portfolio and other financial income.

The **finance income** of RON 6.8 mn (+10.8% in 2023 versus 2022) is mainly composed of interest income of RON 5.1 mn (for intra-group loans granted) and dividend income of RON 1.5 mn. RON represented by dividends distributed but not paid by DIAL - taken over by merger from Nativerock1 (dividends that were distributed during 2022 and were settled following the closing of the individual annual financial statements of Nativerock1).

The **operating expenses** in 2023 (RON 3.5 mn versus RON 15.9 mn in 2022), are mainly composed of operating costs of the holding (personnel expenses, but also expenses related to portfolio company management activities). The increase in staff and other operating expenses compared to 2022 stems from the expansion of the holding company team, but also from new acquisitions of companies with an impact on the cost of managing their business, as well as expenses for audit, ESG reporting and investor events. In terms of expenses, the periods analysed are not comparable given the unique and specific events related to each year, as follows:

- A value adjustment of RON 12.4 mn was recorded in 2022 as a result of applying a prudent approach to adjusting the value of the stake held in BICO taking into account the possibility of difficult quarters during 2023, resulting in a gross loss of RON 9.8 mn in 2022,
- In 2023, considering the evolution of the BICO Group as well as the estimates of the evolution of the market in which it operates, part of this value adjustment was reversed (RON 3.7 mn), so that the gross profit recorded at individual level was RON 3.3 mn in 2023.

In addition, as part of the operating expenses, ROCA Industry records **financial expenses**, amounting to RON 0.6 mn, representing interest related to intra-group loans received for the financing of companies and current activity. These have increased compared to 2022 due to new intra-group loans (balance at the end of 2023 in the amount of RON 11.9 mn versus RON 4.9 mn at the end of 2022).

As a result of these developments, the Company recorded a **profit from operating activities** of RON 3.3 mn and an **overall profit** at the same level.

BALANCE SHEET ANALYSIS

	31-Dec-22 (audited)	31-Dec-23 (audited)
ASSETS		
Non-current assets		
Other intangible assets	2,589	6,394
Property, plant and equipment	20,231	22,020
Right-of-use assets	901,488	392,399
Investments in subsidiaries	89,897,142	151,292,631
Deferred tax assets	396	769
Total non-current assets	**90,821,846**	**151,714,213**
Current assets		
Other current financial assets	80,474,275	86,440,767
Prepayments	34,333	71,185
Cash and cash equivalents	2,034,347	620,198
Total current assets	**82,542,955**	**87,132,150**
TOTAL ASSETS	**173,364,801**	**238,846,363**

	31-Dec-22 (audited)	31-Dec-23 (audited)
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	176,945,730	176,945,730
Share premium	38	38
Transaction costs on issuance of shares	-	-
Retained earnings	(11,689,077)	(8,608,064)
Total equity attributable to owners of the Company	**165,256,691**	**168,337,704**
Total equity	**165,256,691**	**168,337,704**
Non-current liabilities		
Borrowings	-	-
Lease liability	584,499	243,602
Deferred tax liabilities	-	-
Government grants	1,402	1,402
Total non-current liabilities	**585,901**	**245,004**
Current liabilities		
Trade and other payables	1,999,488	57,958,008
Current tax liabilities	11,172	(120,337)
Lease liability	319,467	153,606
Government grants	1,086	-
Borrowings	4,947,400	11,944,120
Employee benefits - current	243,596	328,258
Total current liabilities	**7,522,209**	**70,263,655**
Total liabilities	**8,108,110**	**70,508,659**
TOTAL EQUITY AND LIABILITIES	**173,364,801**	**238,846,363**

At the end of 2023, **total assets** at the individual level were 37.8% above the level at 31 December 2022, reaching RON 238.8 mn. Of these, **non-current assets**, totalling RON 151.7 mn, accounted for 63.5%. Non-current assets consist almost entirely of **financial assets**, i.e. the shares held by ROCA Industry in its subsidiaries. In total amount of RON 151.3 mn, the increase of 68.3% compared to FY 2022 was generated as a result of the registration of the Company's stake in Electroplast (following the transaction that took place at the end of June), of the partial reversal of the value adjustment of the BICO shareholding (reversal of RON

3.7 mn of the total adjustment of RON 12.4 mn recorded at the end of 2022, based on the valuation carried out by an ANEVAR authorized appraiser) and of the increase in the share capital of EED and the conversion of certain receivables held by the Company in relation to DIAL. The latter two issues having been approved at the GMS of 20 December 2023.

INDICATORS (RON)	2023	2022	Δ %
BICO	71,022,300	71,012,300	0%
Value adjustment for the stake in BICO	*(8,720,542)*	*(12,385,542)*	-29%
EVOLOR	100	100	0%
EED (Doorsrock4 in 2022)	36,239,684	31,270,184	+16%
DIAL (Nativerock1 in 2022)	7,000,100	100	N/A
ELP	45,750,989	-	N/A
Total	**151,292,631**	**89,897,142**	**+68%**

**Note: In July 2023 EED and Doorsrock4 and DIAL and Nativerock1 merged, with Doorsrock4 and Nativerock1 being the absorbed companies. Thus, the share capital of the two investment vehicles was taken over in full by EED and DIAL respectively.*

Current assets

Total **current assets** as at 31 December 2023 amounted to RON 87.1 mn, up 5.6% compared to the amount as at 31 December 2022. The category that generated this increase was **other current financial assets** (+7.4%, totalling RON 86.4 mn). These current financial assets are composed mainly of loans granted to investee companies (RON 76.0 mn, which includes the loan for financing current activity granted by ROCA Investments to ELP prior to the acquisition of the company by ROCA Industry, taken over at the time of the ELP acquisition), interest on these loans (RON 8.1 mn) and dividends receivable from Nativerock (RON 1.6 mn).

Description	Agreement Date	Due date	Interest rate	Principal to be received at 31.12.2023 (RON)	Interest to be received at 31.12.2023	Total to be received at 31.12.2023 (RON)
EVOLOR	25.11.2021	25.11.2024	Fix 6%	24,000,000	3,068,000	27,068,000
EVOLOR	18.11.2022	18.11.2024	ROBOR 1M+2.5%	5,099,691	503,780	5,603,471
BICO	03.04.2023	03.04.2024	EURIBOR 1M + 3.5%	4,477,140	28,410	4,505,550
*EED**	13.05.2022	16.05.2024	Fix 6%	6,466,980	644,542	7,111,522
*EED**	16.12.2022	16.12.2024	EURIBOR 1M + 3%	1,741,110	112,259	1,853,369
*EED**	27.07.2023	27.07.2024	ROBOR 1M + 2%	2,000,000	70,601	2,070,601
*DIAL**	20.09.2022	30.09.2024	Fix 6%	17,001,793	1,835,622	18,837,415
*DIAL**	30.08.2023	29.08.2024	EURIBOR 1M + 3.3%	5,969,520	145,098	6,114,618
*ELP**	30.06.2023	31.12.2024	NBR ref rate	2,984,760	961,225	3,945,985
*ELP**	30.06.2023	31.12.2024	6%	1,274,507	39,085	1,313,592
*ELP**	30.06.2023	31.12.2024	ROBOR 1M + 3%	994,920	46,275	1,041,195
*ELP**	30.06.2023	31.12.2024	NBR ref rate	678,440	483,323	1,161,763
*ELP**	30.06.2023	31.12.2023	ROBOR 1M + 3.5%	2,000,000	98,133	2,098,133
*ELP**	30.06.2023	31.12.2024	NBR ref rate	1,356,880	48,546	1,405,426
Total				**76,045,741**	**8,084,899**	**84,130,640**

) In July 2023, EcoEuroDoors and Dial respectively absorbed the two SPVs through which the acquisition of the companies, namely Doorsrock4 and Nativerock1, was carried out, thus complying with the conditions mentioned in the LBO contracts. The acquiring companies also took over all the balances of the acquired companies. In June ROCA Industry took over by assignment the contracts granted by Roca Investments to ELP.

Loans indicated as having been granted to EVOLOR were necessary in fact to the special purpose vehicle Colorock13 through which the EVOLOR acquisition was made. After the merger of the two companies the loans were taken over by EVOLOR in full. The first loan, granted in November 2021, was necessary to pay part of the price for the acquisition of EVOLOR to the former shareholders. Subsequently, in November 2022, ROCA Industry granted an additional loan for the payment of the second instalment to them. The loans are subordinated to the credit facilities obtained and they can be extended at the due date.

BICO needed several loans during 2023 to finance current operations and investments. At the end of 2023 only one loan was still outstanding, in the amount of RON 4.5 mn (equivalent to EUR 0.9 mn), for the development and expansion of the company's business through the acquisition of the shares of Iranga Technologijos, UAB.

As regards EED, the company took over a loan of RON 6.5 mn (equivalent to EUR 1.3 mn) from ROCA Industry in May 2022 for the partial payment of the purchase price of 70% of EED shares following the merger with Doorsrock4, and in December a loan of RON 1.7 mn to increase the shareholding in EED to 100%. The loans are subordinated to the credit facilities obtained and there is a possibility to extend them at maturity. Additionally, a third loan in the amount of RON 2 mn was granted in July 2023 to finance the current activity.

Following the merger with Nativerock, Dial took over a loan in the amount of RON 24 mn. Subsequently, in the GMS dated 20.12.2023, the shareholders decided to convert the amount of RON 7 mn by increasing the share capital, resulting at the end of the year in a loan in the amount of RON 17 mn. The loan of RON 6 mn was granted in order to guarantee the obligations assumed under the credit facility contracted by Nativerock1 for the acquisition of shares of Dial in 2022.

As regards ELP, ROCA Industry, as assignee, took over the receivables held by ROCA Investments against ELP, resulting from the loan agreements concluded by ROCA Investments, as creditor, and ELP, as debtor, for an assignment price equal to the nominal value of the assigned receivables, i.e. RON 10,589,241 (representing RON 9,277,678 principal and RON 1,311,563 interest calculated until 30 June 2023). No new loans were subsequently granted.

Equity and liabilities

Shareholders' equity did not change significantly, reaching a level of RON 168.4 mn at 31 December 2023, compared to RON 165.3 mn at the end of 2022. **Share capital**, at the same level as in the previous period, in amount of RON 176.9 mn, is made up of paid-up share capital of RON 105.9 mn and the contribution in kind of 70% of BICO's shares in amount of RON 71 mn.

The shareholders' structure is the following:

	Shareholding structure at 31 December 2023			Shareholding structure at 22 February 2024		
	Number of shares	Value (RON)	% of total	Number of shares	Value (RON)	% of total
ROCA Investments SA	10,757,557	107,575,570	60.80%	16,398,834	163,988,340	65.95%
Other shareholders	6,937,016	69,370,160	39.20%	8,468,388	84,683,880	34.05%
Total	**17,694,573**	**176,945,730**	**100%**	**24,867,222**	**248,672,220**	**100%**

Total liabilities at ROCA Industry level amounted to RON 70.5 mn at 31 December 2023 compared to RON 8.1 mn at the end of 2022. With a share of 99.7%, short-term liabilities are mainly made up of trade and other payables (RON 58.0 mn). The increase at the end of 2023 compared to 31 December 2022 (RON 2.0 mn) was recorded as a result of the acquisition of ELP, the amount of the transaction value was not paid at the end of 2023. It was converted in early 2024 following the completion of the share capital increase process. A second component in terms of importance is that of borrowings (RON 11.9 mn), up compared to the end of 2022 as a result of obtaining additional loans from ROCA Investments to finance the current activity, but also for the granting of a loan in DIAL as per the current report published on 30.08.2023.

Description	Agreement date	Due date	Interest rate	Principal to be paid at FY 2023 (RON)	Interest to be paid at FY 2023 (RON)	Total to be paid at FY 2023 (RON)
ROCA Investments	17.08.2022	30.11.2022	ROBOR 1M+2.5%	-	160,200	160,200
ROCA Investments	14.12.2022	14.12.2023	EURIBOR 1M + 3%	-	181,349	181,349
ROCA Investments	03.04.2023	03.04.2024	EURIBOR 1M+3.2%	4,974,600	252,762	5,227,362
ROCA Investments	30.08.2023	30.08.2024	EURIBOR 1M+3.2%	5,969,520	144,198	6,113,718
ROCA Investments	22.12.2023	31.07.2024	EURIBOR 1M+3.2%	1,000,000	1,962	1,001,962
Total				**11,944,120**	**740,471**	**12,684,861**

CASH FLOW ANALYSIS

	2022	2023
Cash flows from operating activities	**(5,124,754)**	**(7,189,445)**
Interest paid	-	(46,387)
Dividends cashed-in	-	4,542,636
Income taxes paid	(22,734)	(131,509)
Net cash outflow from operating activities	**(5,147,488)**	**(2,824,705)**
Net cash (outflow) from investing activities	**(30,741,216)**	**(4,182,544)**
Net cash (outflow) from financing activities	**(36,468,282)**	**5,593,100**
Net decrease in cash and cash equivalents	**(72,356,986)**	**(1,414,149)**

	2022	2023
Cash and cash equivalents at the beginning of the financial year	74,391,333	2,034,347
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of year	**2,034,347**	**620,198**

Net Cash Outflow from Operating Activities

On an individual basis, net cash used in operating activities reported on 31 December 2023 was RON 2.8 mn, compared to net cash used on 31 December 2021 of RON 5.1 mn. Although ROCA Industry's need to finance ongoing operations was higher, as detailed in the previous sub- sections, this was offset by dividends received during 2023, totalling RON 4.5 mn.

Net Cash Outflow from Investing Activities

ROCA Industry registered net cash used from investing activities of RON 4.2 mn during 2023, compared to cash of RON 30.7 mn used in 2022. This was generated, on the one hand, by cash used for the EED share capital increase of RON 5.0 mn and, on the other hand, by interest received from Group companies in the total amount of RON 0.8 mn.

Net Cash Outflow from Financing Activities

At the end of 2023, ROCA Industry recorded a net cash flow from financing activities in the total amount of RON 5.6 mn, compared to a cash used during 2022 of RON 36.5 mn. The cash came partly from repayments of intra-group loans granted to subsidiaries prior to 2023 (RON 12.9 mn), offset by new loans granted during the year (RON 13.9 mn), partly supported by loans received from the majority shareholder, ROCA Investments, RON 7 mn above the level at the end of 2022.

RISKS

FINANCIAL RISKS

Liquidity risk

Liquidity risk is inherent in the operations of ROCA Industry's subsidiaries and is associated with the holding of inventories, receivables or other assets and their conversion into liquidity within a reasonable time, so that the Subsidiaries can meet their payment obligations to its creditors and suppliers. In case of non-fulfillment by the Company's Subsidiaries of these payment obligations or of the liquidity indicators stipulated in the contract, the company's creditors (commercial suppliers, banks, etc.) could initiate actions to execute the company's main assets or even request the opening of insolvency proceedings which would significantly and adversely affect the shareholders and the business, prospects, financial condition and results of operations of ROCA Industry and its Subsidiaries.

How the Group is addressing the risk: The Company's subsidiaries constantly monitor their risk of facing a lack of funds to carry out their activity, by planning and monitoring cash flows, but as net revenues cannot be accurately predicted, there is a risk that this planning will be different from what will happen in the future. In addition, commercial policies are implemented to manage liquidity risk, both towards suppliers and towards customers

Interest rate and sources of financing risk

Some of the financing contracted by certain Subsidiaries have a variable interest rate. Therefore, the company is exposed to the risk of this interest rate increase during the credit facility period, which could lead to the payment of a higher interest rate and could have a negative effect on the business, financial condition and results of operations of the respective company or of ROCA Industry. Also, in case of deterioration of the economic environment in which the Company's Subsidiaries operate, they may be unable to contract new financing under the conditions they previously benefited from, which could lead to increased financing costs and would significantly negative affect the financial situation of the respective company, and ROCA Industry, respectively.

How the Group is addressing the risk: The Company and its Subsidiaries have a policy of careful monitoring and negotiation of interest rates, and, for the next period, they also focus on financing opportunities from non-reimbursable sources.

Currency risk

Currency risk represents the risk that the value of a financial instrument will fluctuate as a result of the variation in exchange rates.

How the Group is addressing the risk: The Group tries to maintain monetary assets in foreign currency at the level of monetary liabilities in foreign currency, in order not to be significantly exposed to foreign exchange risk. The unwanted effects of currency risk can be mitigated by currency hedging and hedging operations on derivative markets. Such effects can also be avoided by including a currency clause or a price revision clause in the contract.

OTHER BUSINESS RISKS

In addition to general risks that impact the entire business environment, such as the risk associated with political, social and economic instabilities in the region, price risk, energy price risk, etc., the following are additional risks that may affect the ROCA Industry Group from the perspective of the holding company's business model and the specific activities of the companies held by ROCA Industry.

The risk associated with the business development plan

The Company's objective is to ensure a sustainable growth of the activity, which is reflected in the main indicators - turnover and profitability. During the period of companies' transition to the integrated business model, based on principles of active partnership with the entrepreneur, there is the possibility of seeing fluctuations in the business, which can also manifest as initially lower performance compared to the previous one.

How the Group is addressing the risk: ROCA Industry management has a long-term vision, which involves creating regional champions by creating a solid foundation and long-term investments in production capacities and the acquisition of companies. This stage will be managed by: establishing the growth strategy, individually, for each Subsidiary, establishing the organizational structure and appropriate management teams, as well as the main work processes.

Risk regarding the evolution of the construction materials market

In the context of reduced purchasing power and limited access to credit, there is a risk of market growth slowing down, or even stagnating, which could negatively affect the Company's activity and operational results. We estimate that the residential construction sector will be affected to a greater extent than the infrastructure sector, which will benefit from various capital inflows from non-reimbursable funds.

How the Group is addressing the risk: Therefore, one of the main concerns for risk reduction is the diversification of the range of products sold, in an agile way, so that the group companies to be able to offer a portfolio of competitive products in those markets where there will be sufficient demand.

In the same time, efforts are being made to access diversified sales channels and build a range of complementary products, in various price segments.

Although an adverse evolution of the global construction market may impact various business lines of ROCA Industry, the purpose of the consolidation at the Company level of various businesses, with complementary products and sectors of activity is to build an agile structure, which can adapt to new trends, in various ways, and can capitalize on opportunities arising from changes in market-related trends by modifying the business model or incorporating new lines of business into it, according to macroeconomic conditions.

The risk associated with the relationship with large retail customers

One of the main sales channels for the activities carried out by ROCA Industry through its Subsidiaries is represented by the big chains of do-it-yourself retail stores (such as Dedeman or Leroy Merlin). A possible change in the contractual conditions or requirements of these customers could affect the operational activity, as well as the results and financial position of the Company.

How the Group is addressing the risk: The diversified activity of ROCA Industry and the strategy of the management team to diversify both sales channels (retail chains, traditional trade, B2B, export), as well as large retail customers, contribute to reducing this risk.

Risk associated with development in foreign markets

The future plans of ROCA Industry's management team involve expanding the export business, which may involve various risks related to legislative, cultural or business differences and competition specific to each market addressed. Thus, foreign operations may not be up to the level estimated by the Company's management and may encounter various barriers that may slow down the development of the Company's business.

How the Group is addressing the risk: ROCA Industry develops both at the Holding level and in companies a process of integrating both know-how and best practices for export processes but also for the integration of any newly acquired companies.

The risk of investing in other companies

ROCA Industry can decide to invest in other companies, making the investment decision reasonably and diligently depending on future opportunities. The holding may decide to invest in companies that carry out activities within the same line of activities, or of complementary activities, taking into account the integration of these lines within the main activity of the Company. Also, together with its subsidiaries, ROCA Industry may decide to invest through certain subsidiaries in companies that complement their object of activity.

However, ROCA Industry's efforts to estimate the financial effects of any such transaction on the Group's business may not be successful, and there can be no assurance that future acquisitions will be able to leverage the Group's business. In addition, acquisitions may distract management or divert financial or other resources from the Group's existing business or may require additional expenses. Such developments could have a material adverse effect on the Group's business, results of operations and financial condition.

The ability to make such investments may be limited by many factors, including the availability of financing, debt clauses in financing agreements, applicable regulations, and competition from other potential buyers. If acquisitions are made, there is no guarantee that the Group will be able to generate the expected margins or cash flows or realize the anticipated benefits of these acquisitions, including the expected increase or synergies.

Although the Group analyzes the companies that are the subject of the acquisition, these valuations are subject to a number of assumptions regarding profitability, growth, etc. There is no guarantee that the Group's assessments and assumptions regarding the acquisition objectives will prove to be correct and that actual developments may differ materially from its expectations, especially in a macroeconomic context marked by uncertainty.

There is no guarantee that the Group will successfully acquire new assets or that it will gain any of the benefits it anticipates as a result of these future acquisitions. If it makes acquisitions but does not acquire these benefits, these circumstances could have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

Business risk

In commercial activity, the Company's Subsidiaries develop commercial relationships with suppliers of materials, raw materials and services, which are exposed to the risk of defective supply, in time and quality parameters below the accepted level, of price increases or cessation of the provision of services and products. Although there is no major dependence on a particular supplier or service, there is the risk of a significant negative impact on the activities of the Subsidiaries, until such supplier is replaced, Also, if the commercial partners in the supply chain enter a state of potential financial instability, this may have significant effects on the activities of the Subsidiaries.

How the Group is addressing the risk: The group tries to anticipate and manage such risks through its procurement and commercial policies, by verifying and validating commercial partners from the perspective of business sustainability and applying instruments to minimize the risks of financial exposure, as well as contractual clauses that provide for quality standards in the provision of the services and the delivery of the assumed goods, including the consequences of non-compliance with these clauses.

Environmental impact

How the Group is addressing the risk: ROCA Industry subsidiaries will monitor compliance with applicable environmental policies by proposing to conduct their business responsibly, in order to minimize the impact on the environment and the carbon footprint it leaves. There are no environmental disputes at the time of publishing this report and no environmental disputes are expected.

CORPORATE GOVERNANCE PRINCIPLES

This Statement reflects the situation of compliance of ROCA Industry with the provisions of the BVB Code of Corporate Governance on 28 March 2024.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
SECTION A – RESPONSIBILITIES			
A	The role of the Board of Directors in a one-tier board system should be clearly defined and documented in the company's articles of association, internal regulations and/ or other similar documents. The Board should ensure that company's articles of association, the resolutions of the general meeting of shareholders, and the internal regulations of the company include a clear distinction of powers and competencies between the general meeting of shareholders, the Board, and the executive management.	YES	The articles of association uploaded on the company's website includes the competencies of the Board of Directors, GMS, and executive management. BoD's Internal Regulation posted on the company's website also includes information about the BoD's role.
	The Board should ensure that a formal, rigorous, and transparent procedure is put into place regarding the appointment of new members to the Board.	YES	Both in the BoD Internal Regulation and in the articles of association information about the appointment of the new members of the Board are included.
	There should be a clear distinction of responsibilities among the Board and executive management.	YES	The company's articles of association include the competencies of the Board of Directors, GMS, and executive management. BoD's Internal Regulation posted on the company's website also includes information about the BoD's role. The section Corporate Governance of this Directors' Report the role of each manager is described (e.g., financial, marketing, commercial, operational)

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
A	The Board and its committees should have the appropriate balance of skills, experience, gender diversity, knowledge, and independence to enable them to effectively perform their respective duties and responsibilities.	NO	In terms of gender diversity of the members of the Board of Directors, the BoD solely consists of male members. In addition, the Company will conduct an analysis on the balance between the competence, experience, and knowledge of the members of the BoD and the committees.
	It is recommended for most non-executive members of the Board of Directors or Supervisory Board to be independent.	NO	The BoD consists of 5 members, of which one is independent.
	All members of the Board should be able to allocate sufficient time to the company to discharge their responsibilities effectively	YES	We consider that the BoD members can allocate sufficient time to the company to discharge their responsibilities effectively, as they timely addressed all requests and participated in at least 33 out of the 36 BoD meetings during 2023. The company will introduce in the Board of Directors Regulation provisions for conducting such an evaluation.
	The Board should ensure that it is appropriately informed to enable it to discharge its duties.	YES	
	Board members must strictly observe the secrecy of the proceedings, debates and decisions taken, unless otherwise decided by the Board or unless regulations in force require the appropriate disclosure.	YES	Both the articles of association and the BoD Regulation comprise provisions regarding keeping the confidentiality of information about ROCA Industry.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
A1	All companies should have internal regulation of the Board which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	YES	The Board regulation includes the terms of reference/ responsibilities for Board. Also, the Articles of Incorporation of the Company set forth the responsibilities of the Board and CEO. In February 2024, along with the establishment of the two advisory committees of the Board (the Audit and Risk Committee and the Nomination and Remuneration Committee), the regulations of the two committees were approved by the Board. All these documents are on the company's website, at the link **Corporate Governance | ROCA Industry**
A2.	Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	PARTIAL	General provisions on management of conflict of interest are included in the Regulation of the Board. Also, the Risk and Audit Committee is also responsible for assessing any conflict of interest. Additional information is available on the company's website, at the link **Corporate Governance | ROCA Industry** A policy will be developed during 2024 which will include more detailed provisions on the identification and management of conflicts of interest.
A3.	The Board of Directors or the Supervisory Board should have at least five members	YES	The Company's Board of Directors is composed of five members.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
A4.	The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria. A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years. A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years. A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director. A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it. A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity. A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it. A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director. A.4.8. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director. A.4.9. Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.	YES	ROCA Industry Board of Directors is composed of 5 members, of which 4 are non-executive officers. Also, one of the BoD members is independent. A declaration in accordance with Law 31 was submitted by Mr. Vasile Sandu, independent member of the ROCA Industry Board of Directors on November 16, 2022 and was completed with the provision of point A.4.4. on March 22, 2024.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
A5.	A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	YES	The professional biographies of the existing BoD members are available on the Company's website, at the link **Board of Directors | ROCA Industry.** The directors' report also contains a section regarding the BoD members that includes information about the companies that each BoD member holds, controls or administers.
A6.	Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	YES	This provision is included in the Board Regulation available on the Company's website at the link **Corporate Governance| ROCA Industry**
A7.	The company should appoint a Board secretary responsible for supporting the work of the Board	YES	The company has appointed a Secretary General, who is directly subordinate to the Board of Directors, as set out in the Board Rules available on the Company's website at the link **Corporate Governance | ROCA Industry**
A8.	The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	NO	The company is in the process of preparing a policy regarding the regarding the evaluation of the Board, and will contain the purpose, criteria and frequency of the evaluation process. Also, at the end of 2024, the Board of Directors will initiate the process of evaluation of its activity, in compliance with the provisions of this policy, the results of the evaluation will be published in the directors' report for the year 2024.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
A9.	The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities	YES	Details about how this provision is applied are presented in the Directors' Report in the chapter regarding Corporate Governance. The advisory committees were set up in February 2024, information about their activity will be presented in the Directors' Report for the year 2024.
A10.	The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board	YES	One of the five BoD members is independent, which aspect is mentioned in the Directors' report, in the chapter regarding Corporate Governance.
SECTION B – RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM			
B.	The company should have in place an efficient risk management and internal control system. The Board should determine the principles of and approaches to the risk management and internal control system in the company.	PARTIAL	The company's risk management policies and procedures are exclusively aimed at managing the risks related to the prevention and combating of money laundering and the financing of terrorism associated with customers, products and services, transactions, distribution channels and countries/geographies. The company is in the process of defining and implementing governance related to internal control activities
	The company should arrange for internal audits to independently evaluate, on a regular basis, the reliability and efficiency of the risk management and internal control system and the corporate governance practices	YES	The Audit and Risk Committee Regulation (established in February 2024) provides that it will monitor and evaluate the operation and effectiveness of the Company's internal audit function. The company also has in force a policy on preventing and combating money laundering and terrorist financing. The internal audit function is outsourced.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
B.	The Board of Directors should set up an independent audit committee capable of ensuring the integrity of financial reporting and of the internal control system, including the internal and external audit processes.	NO	According to BSE CGC this provision is complied with. However, under Law 162, most of the Audit and Risk Committee members should be independent.
	The company will ensure that all related party transactions are considered on their merits in a manner that ensures independence and the protection of the interests of the company, compliant with the restrictions set out in related legislation and fairly disclosed to shareholders and potential investors. The definition of related parties follows that of International Accounting Standard 24.	YES	The company has implemented a policy regarding related party transactions.
B1.	The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience.	YES	The Audit and Risk Committee was established in February 2024. It consists of 3 members, two of whom are non-executive directors with financial and management experience. The third member was elected by the GMS in January 2024 and has proven and appropriate audit or accounting experience. This provision has been reviewed, which was also revealed in the minutes of the February 2024 BoD when the members of the BoD determined the composition of the Audit and Risk Committee. Mr. Rudolf Vizental has more than 20 years of experience in investments, management of companies in financial difficulties and in the area of bank financing, while Mr. Vasile Sandu is the founder and CEO of Proinvest Group SRL, a company specialized in the development, production and marketing of metal components and metal construction systems with more than 20 years of experience on the Romanian market.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
B2.	The audit committee should be chaired by an independent non-executive member.	YES	The audit and risk committee chairman is Mr. Vasile Sandu, an independent non-executive member.
B3.	Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	NO	The regulation of the audit and risk committee provides that it will undertake a periodical assessment of the system of internal control. As the committee was set up during 2024, the evaluation will be carried out in 2025 for 2024.
B4.	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board	NO	The regulation of the audit and risk committee includes a provision referring to periodic assessment of internal control system and this will be further clarified. As the committee was set up during 2024, the evaluation will be carried out in 2025 for 2024.
B5.	The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties	YES	The regulation of the audit and risk committee (established in February 2024) includes this provision, and the committee will undertake this evaluation.
B6.	The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES	The regulation of the audit and risk committee (established in February 2024) includes this provision, and the committee will undertake this evaluation.
B7.	The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES	The regulation of the audit and risk committee (established in February 2024) includes this provision, and the committee will undertake this evaluation.
B8.	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES	The audit and risk committee (established in February 2024) will report cyclically to the Board of Directors.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
B9.	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	NO	These provisions are adhered to but are not specifically mentioned in the Related Party Transactions Policy. This will be updated to include specific provisions in this regard.
B10	The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	YES	These provisions are also included in the Policy on Related Party Transactions which was approved by the BoD on 20 December 2022 and provides for the following: "Any significant related party transaction that does not exceed, individually or cumulatively, during a financial year, 20% of total non-current assets less receivables (based on the most recent individual financial report at the time of the transaction), shall be approved by the Board of Directors of Roca Industry so as to ensure that no related party will be able to take advantage of its position and to provide adequate protection of the interests of Roca Industry and non related party shareholders, including minority shareholders. The related party in question will not participate in approving or voting on the material transaction involving such related party."
B11	The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity	YES	The company has entered into an internal audit contract with an independent third entity.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
B12.	To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer	PARTIAL	The company has an internal audit contract with an independent third party. The Audit and Risk Committee (established in February 2024) consists of 3 members, one of whom is independent, one of whom is a non-independent member, and one of whom is competent in the field of statutory accounting and auditing, but has a contractual employment relationship with an entity in the Group of which ROCA Industry is a part, so that the organisational independence and individual objectivity of the internal audit activity may be questioned in fact or in appearance.
SECTION C – FAIR REWARDS AND MOTIVATION			
C.	The level of remuneration should be sufficient to attract, retain and motivate skilful and experienced people as members of the Board and the management. The Board should ensure transparency related to remuneration matters. The shareholders should be provided with relevant information to understand the principles applied by the company regarding the remuneration policy, which is based on fair rewards and motivation for Board members, and for the CEO or Management Board.	NO	Considering that until 11 March 2024 the Company was listed on AeRO premium market, this provision did not apply. The approval of the remuneration policy prepared and approved in accordance with this provision and Law 24/2017 is on the agenda of the annual OGMS of the Company.
	A company should have a remuneration policy and rules defining that policy. It should determine the form, structure, and level of remuneration of members of the Board, the CEO and when applicable, members of the Management Board.	NO	Considering that until 11 March 2024, the Company was listed on AeRO premium market, this provision did not apply. The approval of the remuneration policy prepared and approved in accordance with this provision and Law 24/2017 is on the agenda of the annual OGMS of the Company.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
C1.	The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	NO	Considering that until 11 March 2024 the Company was listed on AeRO premium market, this provision did not apply. The approval of the remuneration policy prepared and approved in accordance with this provision and Law 24/2017 is on the agenda of the annual OGMS of the Company. The Remuneration Report will be prepared based on the Remuneration Policy and will be presented at the 2025 Annual OGMS.
SECTION D - BUILDING VALUE THROUGH INVESTORS RELATIONS			
D.	The company should disseminate the most important information both in Romanian and English, to enable Romanian and foreign investors to have access to the same information at the same time.	PARTIAL	Some information is only available in Romanian, the company is in process of updating the English version of the website.
	A company should do its best to enable its shareholders to participate in general meetings, aiming at using electronic communication means through (a) live broadcast of general meetings and/or (b) live bilateral communication where shareholders may express themselves during a general meeting from a location other than that of the general meeting, as long as this is in line with legislation regarding data processing.	YES	Any shareholder may physically attend the Company's general meetings. The Company also offers shareholders the possibility to participate and vote in the GMS using electronic means, details on how to participate are included in the GMS notices.
	A company should aim to provide for an electronic voting system at general meetings, including remote electronic voting.	YES	The Company offers shareholders the opportunity to participate and vote in the AGM using electronic means, details of how to participate are included in the GMS notices.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
D1.	The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures; D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions; D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports); D.1.4. Information related to general meetings of shareholders; D.1.5. Information on corporate events; D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request; D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	PARTIAL	ROCA Industry complies with all the rules regarding the IR function. The company has a dedicated section for the investors' relations at the link **Investors | ROCA Industry** available both in English and in Romanian, and provides the investors with all aspects requested by this provision. The company is in the process of finalising the following issues to ensure full compliance with this provision, namely the procedure for general meetings of shareholders and the translation of certain documents that are only available in Romanian.
D2.	A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website	YES	The dividend policy of the company is available on the company's website, at the link **Corporate Governance | ROCA Industry.**
D3.	A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.	YES	ROCA Industry policy on forecasts is available on the company's website, at the link **Corporate Governance | ROCA Industry.**

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
D4.	The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	YES	The rules laying down the framework for the organisation and conduct of general meetings of shareholders are contained in the Policy regarding Organisation and Conducting of General Shareholders Meetings of ROCA Industry, available, beginning with 20 March 2024 on the company's website, at the link **Corporate Governance | ROCA Industry**. Additionally, the rules are also mentioned in each convening notice published according to the legal requirements. Furthermore, in order to facilitate participation of all shareholders in the SGM meetings, including remotely, ROCA Industry has implemented since the incorporation an online voting and participation system.
D5.	The external auditors should attend the shareholders' meetings when their reports are presented there.	YES	ROCA Industry invites the auditor to every annual OGMS meeting at which their reports are presented to the investors
D6.	The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	PARTIAL	This provision was not applicable to the company in the period in which it was listed on BVB's AeRO market. In the Directors' Report, the chapter on Risks presents financial and other business risks and the Group's approach to their management, without mentioning significant risk management systems. Starting with the Directors' Report for 2024, presented to the annual AGM, it will contain the AC's assessment of the internal control and significant risk management systems.

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/ NO/PARTIAL	EXPLANATIONS
D7.	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	NO	This provision is complied with and is also included in the GMS notices.
D8.	The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES	In each financial report, the Company explains the factors that determine fluctuations of financial indicators.
D9.	A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	PARTIAL	This provision is complied with. In the period in which ROCA Industry was listed on BVB's AeRO market, management has organised half-yearly conferences. The financial calendar for 2024 comprises quarterly conferences with the investors. Details about them and the support materials are published on the company website.
D10.	If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	N/A	The company does not carry out activities in this respect.

DECLARATION OF THE MANAGEMENT

Bucharest, 28 March 2024

I confirm, according to the best available information, that the audited standalone and consolidated financial results for the period between 01.01.2023 and 31.12.2023 give a correct and consistent picture of the assets, liabilities, financial position and profit and loss account of ROCA Industry Holdingrock1 SA and that this Report, prepared in accordance with Article 63 of Law 24/2017 on issuers of financial instruments and market operations and Annex No. 15 of FSA Regulation No. 5/2018 for the period ending 31 December 2023 provides a correct and realistic picture of the important events that took place in 2023 and their impact on the company's financial statements.

Ioan Adrian Bindea
Chairman of the Board of Directors

ROCA INDUSTRY HOLDINGROCK1 SA

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023

PREPARED IN ACCORDANCE WITH THE ORDER OF MINISTRY OF FINANCE NO. 2844/2016 AND INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION, AS REVISED

CONTENT

112 Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED AS AT 31 DECEMBER 2023

(all amounts are expressed as 'RON' unless otherwise specified)

	Notes	2023	2022
Revenue from contracts with customers	5	425,863,799	261,461,493
Other operating income	6	1,392,430	1,780,230
Changes in inventories of finished goods and work in progress		(15,147,448)	20,559,085
Raw materials, consumables used and merchandise costs		(270,521,860)	(193,721,409)
Depreciation and amortisation	15,16,25	(22,918,628)	(13,352,454)
Impairment of goodwill	14	-	(9,855,137)
Employee benefits expenses	7	(68,188,370)	(38,537,962)
Marketing and advertising costs		(7,654,757)	(1,449,810)
Services and utilities expenses	8	(41,593,451)	(27,401,797)
Other gains/(losses) – net	9	(3,558,212)	(1,264,827)
Loss on derecognition of associate	17	(705,018)	-
Loss on liquidated entity		(17,047)	-
Operating loss		**(3,048,562)**	**(1,782,588)**
Financial income	10	699,530	37,402
Financial costs	10	(18,446,653)	(8,144,043)
Net finance result		**(17,747,123)**	**(8,106,641)**
Share of net loss of associates accounted for using the equity method	17	(206,065)	(49,715)
Result before income tax		**(21,001,750)**	**(9,938,944)**
Income tax expense	11	(128,838)	(39,069)
Loss for the period from continuing operations		**(21,130,588)**	**(9,978,013)**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		887,098	(183,625)
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment		18,305,263	2,795,504
Deferred tax on revaluations of property, plant and equipment		(2,926,767)	(447,281)
Other comprehensive income, net of tax		**16,265,594**	**2,164,598**
Total comprehensive income for the year		**(4,864,994)**	**(7,813,415)**
Loss is attributable to:			
- Owners of the Company		(19,394,198)	(10,867,424)
- Non-controlling interests		(1,736,390)	889,411
		(21,130,588)	**(9,978,013)**
Total comprehensive income is attributable to:			
- Owners of the Company		(4,757,864)	(8,647,738)
- Non-controlling interests		(107,130)	834,323
		(4,864,994)	**(7,813,415)**
Basic and diluted earnings per share		**(1.10)**	**(0.61)**

These consolidated financial statements were approved and signed today, 27 March 2024.

Approved,

Surname and given name(s): **Ioan-Adrian Bindea**
Function: **CEO**

Signature __________________________

Surname and given name(s): **Valentin Albu**
Function: **CFO**

Signature _______________________

The Explanatory Notes attached form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED AS AT 31 DECEMBER 2023

(all amounts are expressed as 'RON' unless otherwise specified)

	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Goodwill	14	84,923,483	69,706,149
Other Intangible assets	15	110,840,590	95,242,919
Property, plant and equipment	16	206,439,728	130,462,278
Right-of-use assets	25	14,654,827	6,629,426
Investments in associates	17	-	1,070,610
Non-current financial assets		34,800	41,208
Total non-current assets		**416,893,428**	**303,152,590**
Current assets			
Inventories	18	89,411,631	101,026,476
Trade receivables	19	75,517,971	22,279,728
Other current financial assets	20	4,157,089	4,982,756
Prepayments		1,291,575	127,400
Cash restricted	21	-	494,740
Cash and cash equivalents	21	38,501,727	42,434,560
Total current assets		**208,879,993**	**171,345,660**
TOTAL ASSETS		**625,773,421**	**474,498,250**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		176,945,730	176,945,730
Share premium		38	38
Revaluation reserve		16,452,299	2,348,223
Other reserves		403,721	(128,537)
Retained earnings		(32,782,295)	(18,246,667)
Total equity attributable to owners of the Company	22	**161,019,493**	**160,918,787**
Non-controlling interests	23	22,579,427	17,732,186
Total equity		**183,598,920**	**178,650,973**
Non-current liabilities			
Borrowings	24	158,599,061	133,469,839
Lease liability	25	8,577,857	3,498,080
Government grants	27	2,699,312	4,586,442
Deferred tax liabilities	28	20,159,077	16,754,947
Total non-current liabilities		**190,035,307**	**158,309,308**
Current liabilities			
Borrowings	24	109,550,643	66,807,063
Lease liability	25	2,902,105	1,802,308
Liabilities related to acquisitions of subsidiaries	13	68,758,901	30,057,910
Trade and other payables	26	62,051,101	32,761,647
Employee benefits - current		5,582,265	3,471,202
Current tax liabilities	28	804,398	1,641,832
Government grants	27	2,489,781	996,007
Total current liabilities		**252,139,194**	**137,537,969**
Total liabilities		**442,174,501**	**295,847,277**
TOTAL EQUITY AND LIABILITIES		**625,773,421**	**474,498,250**

These consolidated financial statements were approved and signed today, 27 March 2024.

Approved,

Surname and given name(s): **Ioan-Adrian Bindea**
Function: **CEO**

Signature ___________________________

Surname and given name(s): **Valentin Albu**
Function: **CFO**

Signature ________________________

The Explanatory Notes attached form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED AS AT 31 DECEMBER 2023

(all amounts are expressed as 'RON' unless otherwise specified)

	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total capital attributable to owners of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2022	**176,945,730**	**38**	**-**	**-**	**(2,597,778)**	**174,347,990**	**19,989,893**	**194,337,883**
Result for the year	-	-	-	-	(10,867,424)	**(10,867,424)**	889,411	**(9,978,013)**
Other comprehensive income	-	-	2,348,223	(128,537)	-	**2,219,686**	(55,088)	**2,164,598**
Total comprehensive result for the year	**-**	**-**	**2,348,223**	**(128,537)**	**(10,867,424)**	**(8,647,738)**	**834,323**	**(7,813,415)**
Transactions with owners in their capacity as owners:								
Dividends	-	-	-	-	-	**-**	(1,361,580)	**(1,361,580)**
Transaction costs on issuance of shares	-	-	-	-	(66,030)	**(66,030)**	-	**(66,030)**
Non-controlling interests on acquisition of subsidiary (note 13)	-	-	-	-	-	**-**	14,961,727	**14,961,727**
Transactions with non-controlling interests (note 13)	-	-	-	-	(4,701,496)	**(4,701,496)**	(16,692,177)	**(21,393,673)**
Tax paid on intra-group dividends	-	-	-	-	(13,939)	**(13,939)**	-	**(13,939)**
Balance as at 31 December 2022	**176,945,730**	**38**	**2,348,223**	**(128,537)**	**(18,246,667)**	**160,918,787**	**17,732,186**	**178,650,973**
Result for the year	-	-	-	-	(19,394,198)	**(19,394,198)**	(1,736,390)	**(21,130,588)**
Other comprehensive income	-	-	14,104,076	532,258	-	**14,636,334**	1,629,260	**16,265,594**
Total comprehensive result for the year	**-**	**-**	**14,104,076**	**532,258**	**(19,394,198)**	**(4,757,864)**	**(107,130)**	**(4,864,994)**
Transactions with owners in their capacity as owners:								
Transaction costs on issuance of shares	-	-	-	-	(182,978)	**(182,978)**	-	**(182,978)**
Non-controlling interests on acquisition of subsidiary (note 13)	-	-	-	-	-	**-**	(545,970)	**(545,970)**
Transactions with non-controlling interests (note 13)	-	-	-	-	5,041,548	**5,041,548**	5,500,341	**10,541,889**
Balance as at 31 December 2023	**176,945,730**	**38**	**16,452,299**	**403,721**	**(32,782,295)**	**161,019,493**	**22,579,427**	**183,598,920**

These consolidated financial statements were approved and signed today, 27 March 2024.

Approved,

Surname and given name(s): **Ioan-Adrian Bindea**
Function: **CEO**

Signature ___________________________

Surname and given name(s): **Valentin Albu**
Function: **CFO**

Signature ________________________

The Explanatory Notes attached form an integral part of these consolidated financial statements.

	2023	2022
Result before tax	**(21,001,750)**	**(9,938,944)**
Adjustments for:		
Depreciation and amortisation expenses	22,918,628	13,352,454
Impairment of goodwill	-	9,855,137
Amortisation of government grants (note 27)	(996,881)	(741,958)
Movements in allowance for expected credit losses	(78,890)	(1,610,836)
Impairment of current assets	176,894	-
Share of result of associate (note 17)	206,065	49,715
Loss on derecognition of associate	705,018	-
Interest income	(689,255)	(27,491)
Interest expenses	16,400,494	7,288,004
Unrealized foreign exchange loss	829,982	-
Net (gain)/loss on sale of non-current assets	571,400	(607,987)
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase)/ Decrease of trade and other receivables	(7,573,404)	46,262,546
Decrease/(Increase) of inventories	24,752,870	(3,867,735)
Decrease of trade and other payables	(7,871,200)	(7,283,064)
Decrease/(Increase) of non-current financial assets	23,808	(23,002)
Cash flows from operating activities	**28,373,779**	**52,706,839**
Income tax paid	(2,182,054)	(470,309)
Net cash generated from operating activities	**26,191,726**	**52,236,530**
Cash flows from investing activities:		
Payment for the acquisition of a subsidiary, net of cash (note 13)	(23,087,863)	(139,210,888)
Payment for acquisition of associate (note 17)	-	(1,120,325)
Payments for acquisition of property, plant and equipment	(28,588,560)	(33,576,015)
Payments for acquisition of intangible assets	(97,882)	(498,777)
Receipt of government grants	603,525	100,701
Interest received	689,255	27,491
Proceeds from the sale of property, plant and equipment	574,363	1,556,536
Net cash used in investing activities	**(49,907,162)**	**(172,721,277)**
Cash flows from financing activities:		
Proceeds from borrowings (note 32)	75,240,273	155,033,555
Repayment of borrowings (note 32)	(47,095,915)	(61,071,914)
Interest paid	(14,920,176)	(6,867,281)
Transaction costs related to loans and borrowings	(198,622)	(2,199,298)
Transactions with non-controlling interests	10,541,890	-
Repayments of lease liabilities	(4,488,967)	(1,333,146)
Transaction costs related to shares issuance	(182,978)	(66,030)
Taxes on intragroup dividends	-	(13,939)
Dividends paid to non-controlling interests in subsidiaries	-	(68,079)
Net cash generated from financing activities	**18,895,506**	**83,413,868**
Net decrease in cash and cash equivalents	**(4,819,930)**	**(37,070,879)**
Cash and cash equivalents at the beginning of the financial year	42,434,560	79,689,064
Effects of exchange rate changes on cash and cash equivalents	887,097	(183,625)
Cash and cash equivalents at the end of year	**38,501,727**	**42,434,560**

These consolidated financial statements were approved and signed today, 27 March 2024.

Approved,

Surname and given name(s): **Ioan-Adrian Bindea**
Function: **CEO**

Signature ___________________________

Surname and given name(s): **Valentin Albu**
Function: **CFO**

Signature ________________________

The Explanatory Notes attached form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Roca Industry Holdingrock1 SA (the "Company", the "Parent-Company" or "Roca Industry") is a Romanian company, established in September 2021, with the registered office being at 4 Gara Herastrau Street, building A, floor 3, District 2, Bucharest. The Company is registered with the Trade Register under number J40 / 16918/2021 and has Unique Registration Code (CUI) 44987869.

Roca Industry is the first strategic project of SOCIETATEA DE INVESTITII ALTERNATIVE CU CAPITAL PRIVAT ROCA INVESTMENTS SA ("ROCA INVESTMENTS"), which groups under the umbrella of a specialized holding, romanian companies producing construction materials. The aim of the project is to develop and scale strong and sustainable local brands both on the basis of a common strategy and through the synergies generated by their activity. In a fragmented global economy, Roca Industry is building a structure capable of adapting fast to multiple and unpredictable changes.

The Company's subsidiaries activate in the field of construction materials, i.e. in the production of fiberglass and fiberglass reinforcement (BICO, Terra, Europlas, Iranga), production of varnishes, paints, and decorative plasters (EVOLOR), production of doors for residential buildings (ECO EURO DOORS), production of edged panels and fencing mesh (DIAL), and as well as production of low-voltage copper and aluminium electrical cables (ELECTROPLAST). More Information on the Group's structure is provided in Note 1 Subsidiaries, and information on other related party relationships of the Group is provided in *Note 31 – Related parties.*

BICO Industries SA is a company established in 2006, identified on the market under the BICO brand, being the first and largest national producer of fiberglass mesh and the only domestic manufacturer of fiberglass reinforcement. It operates in the production facilities in Piatra Neamț and Vaslui, and two in the Republic of Moldova, through TERRA IMPEX S.R.L. ("Terra"), company fully acquired in March 2022, EUROPLAS LUX S.R.L. ("Europlas") and Iranga Technologijos ("Iranga"), a Lithuanian company, both fully acquired during 2023. On October 2022, Bico initiated the process of acquiring 55% of the share capital of Europlas, thus signing two deals, whereby the purchase of the 50% package was already completed, while the purchase of the additional 5% package of the share capital was completed in 2023. In May 2023, Bico fully acquired Iranga Technologijos, and in October 2023, Bico completed the process of acquiring 100% of the share capital of Europlas Lux.

EVOLOR SRL ("EVOLOR") is a company incorporated in 1993, focused on the production of paints, primers, varnishes, thinners, washables, adhesives, decorative plasters and dyes. EVOLOR sells its own products under the Sticky and Coral brands, addressing both the low-priced and premium products markets, offering a range of 380 products both in the Dedeman and Leroy Merlin chains, and in an extensive network of local distributors, covering over 31 counties. On December 2022 the merger between Evolor and Colorock13 (SPV through which the purchase of Evolor was conducted, with the purpose of obtaining a loan facility enabling the necessary financing structure) took place, being one of the key conditions agreed upon with the creditor to obtain the loan facility and further financing for Evolor.

ECO EURO DOORS SRL ("EED") is the largest Romanian manufacturer of doors intended for residential buildings, with an experience of 27 years on the market. The Company offers a wide range of products, addressing both the clients' needs for standard products and the needs of those seeking non-standard sizes. At the end of 2022, Roca Industry holds 100% of the share capital of EED, the purchase being carried out through a SPV held by Roca Industry, DOORSROCK4 S.R.L – the SPV established in 2021, with the purpose of ensuring the financing structure necessary to purchase 70% from the shares of the company ECO EURO DOORS SRL, deal completed in May 2022 (through a deal such as LBO (Leveraged Buy Out)). In July 2023, the merger between EED and Doorsrock4 took place, following the fulfilment of one of the key conditions agreed with the lender in order to obtain the credit facilities and the subsequent financing of the companies.

1. GENERAL INFORMATION (CONTINUED)

DIAL S.R.L. ("Dial") is a company with an experience of more than 20 years, specialising in the production of fence edged panels, fencing mesh, Rabitz mesh, rectangular pillars and many more. The company's activity is carried out in its factory in Hârșova. For the full purchase of Dial through a deal such as LBO (Leveraged Buy Out), Roca Industry established in 2022 an additional SPV, NATIVEROCK1 S.R.L ("Nativerock1") with the purpose of ensuring the financing structure necessary for the purchase deal of DIAL SRL, deal completed in September 2022. In July 2023 the merger between Dial and Nativerock took place, following the fulfilment of one of the key conditions agreed with the lender in order to obtain the credit facilities and the subsequent financing of the companies.

ELECTROPLAST SA ("Electroplast"), with an experience of over 30 years in the manufacture of low voltage copper and aluminium electrical cables, is a company founded in 1993, with headquarters in Bistrita, Bistrita-Nasaud county. The company was acquired in June 2023. See note 13 for further information.

These consolidated financial statements are presented in RON. Foreign operations are included in accordance with the policies set out in *Note 34 – Significant accounting policies.*

Subsidiaries

The consolidated financial statements of the Group include:

Name of subsidiary	Principal activities	Place of incorporation and operation	Ownership held by the Group		Ownership held by non-controlling interests	
			31.12.2023	31.12.2022	31.12.2023	31.12.2022
Evolor S.R.L. ('Evolor')	**Varnishes, paints and decorative plasters**	**Romania**	**100%**	**100%**	**-**	**-**
Bico Industries S.A. ('Bico")	**Fiberglass and fiberglass reinforcement**	**Romania**	**60%**	**70%**	**40%**	**30%**
*Terra Impex Termoizolare S.R.L.**	*Fiberglass and fiberglass reinforcement*	*Romania*	*60%*	*70%*	*40%*	*30%*
Terra Impex S.R.L. ('TI', 'Terra')	*Fiberglass and fiberglass reinforcement*	*Republic of Moldova*	*60%*	*70%*	*40%*	*30%*
Investitii Real Estate S.R.L. ('II', 'Terra')	*Fiberglass and fiberglass reinforcement*	*Republic of Moldova*	*60%*	*70%*	*40%*	*30%*
Iranga Technologijos UAB ('Iranga')	*Fiberglass and fiberglass reinforcement*	*Lithuania*	*60%*	*-*	*40%*	*-*
Europlas Lux S.R.L. ('Europlas')	*Fiberglass and fiberglass reinforcement*	*Republic of Moldova*	*60%*	*-*	*40%*	*-*
Eco Euro Doors S.R.L. ('EED')	**Doors for residential buildings**	**Romania**	**100%**	**100%**	**-**	**-**
Doorsrock4 S.R.L.**	**Holding company**	**Romania**	**-***	**100%**	**-**	**-**
Dial S.R.L. ('Dial')	**Edged panels and fencing mesh**	**Romania**	**100%**	**100%**	**-**	**-**
Nativerock1 S.R.L.***	**Holding company**	**Romania**	**-****	**100%**	**-**	**-**
Electroplast S.A. ('Electroplast')	**Copper and aluminium electric cables**	**Romania**	**99.999975%**	**-**	**0.000025%**	**-**

* *Terra Impex Termoizolare was liquidated on 15 February 2024*
** *In 2023, Doorsrock4 and Eco Euro Doors merged - Doorsrock4 was absorbed by Eco Euro Doors*
*** *In 2023, Nativerock1 and Dial merged - Nativerock1 was absorbed by Dial*

1. GENERAL INFORMATION (CONTINUED)

As at 31 December 2023, the Group owns directly 60% of Bico Industries (31 December 2022: 70%) and indirectly owns 60% from Terra (31 December 2022: 70%), Iranga and Europlas, through by Bico Industries which fully owns these subsidiaries..

Majority shareholder

The majority shareholder of the holding company is Roca Investments SA, an investment fund, which holds 61 % (2022: 61%) of its ordinary shares, based in Romania.

Associate

During 2023, the Group acquired the control in Europlas Lux SRL. As at 31 December 2022, the Group had a 35% interest in this entity. For further details, see *Note 17 - Investing in associate.*

Group Management

The management of the Group consists of the Board of Directors of each company, together with the executive management.

At the level of Roca Industry, the Board of Directors consists of: Ioan Adrian Bindea - President of BoD, Roca Management SRL – through legal representative Rudolf Paul Vizental, Alexander Savin, Mihai Bîrliba and Vasile Sandu.

The executive management of Roca Industry consists of: Valentin Albu — Financial Director, Ondina Olariu — Marketing Director, Alexandru Fogarasi — Commercial Director, Stefan Szitas — Operational Director.

The remuneration of the management is shown in *Note 31 - Related Parties.*

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation

Compliance with IFRS

These financial statements are the consolidated financial statements of the Group formed by Roca Industry Holdingrock1 SA ("the Company" or "Roca Industry" or "the Parent Company") and its subsidiaries, together the "Roca Industry Group", prepared in accordance with prepared in accordance with the OMFP 2844 /2016 and International Financial Reporting Standards as adopted by the European Union, as revised, ("IFRS").

The consolidated financial statements were authorized for issue by the Board of Directors on 27 March 2024 and will be submitted for shareholders' approval in the meeting scheduled on 29 April 2024.

The Company also issues an original version of the consolidated financial statements prepared in accordance with OMFP 2844 /2016 and IFRS-EU in Romanian language, that will be used for submitting to the Bucharest Stock Exchange, which is the original binding version.

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain class of property, plant and equipment measured at revalued amount (fair value).

Going concern

As at 31.12.2023, the Group and its subsidiaries recorded a net loss of RON 21 million. The Company's ability to continue as a going concern depends on the successful achievement of its objectives, the ability of the company to generate sufficient future cash flows and financial support from shareholders. In this respect, Roca Investments, as majority shareholder

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis for preparation(continued)

of Roca Industry, has expressed its intention to provide financial support in the event of financial difficulties in the future, by sending a letter of support.

The Company's management have, at the time of approving these consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

At the date of preparation of these consolidated financial statements, two subsidiaries for which Roca Industry acts as guarantor in the LBO loan agreements, did not comply with the financial covenants stipulated in the aforementioned agreements (such as leverage and DSCR) and obtained bank exemptions for failing to meet banking indicators. As at 31 December 2023, the covenant breaches do not cause the lending banks to have the right to call the loans due to breaches.

According to the contractual conditions, depending on the degree of non-compliance of financial covenants, the bank requests the blocking of certain amounts in an account at the Bank's disposal, which will be released when the company will meet the banking indicators.

2.2 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts - The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and amended standards adopted by the Group(continued)

The amendments had no impact on the Group's consolidated financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes) and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in accordance with the IFRS as adopted by the European Union requires the Group's management to use estimates and assumptions that affect the application of accounting policies, as well as the reported value of assets and liabilities. The related estimates and judgments are based on historical data and other factors considered to be relevant in the given circumstances, and the result of these factors forms the basis of the judgments used in determining the accounting value of assets and liabilities for which there are no other valuation sources available. Actual results may differ from estimated values.

Estimates and judgments are continuously reviewed. Revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the current period and future periods, if the revision affects both the current period and future periods.

The estimates and assumptions are used mainly in:

- *Goodwill impairment* testing (for further details please see *Note 14 Goodwill);*
- *Determining fair value in business combination* - Management uses an valuation specialist to appraise all businesses at the date of acquisition and allocate purchase price to identifiable intangible and tangible asses (for further details please see *Note 13 Business combinations)*;
- Determining fair value of Property, plant and equipment. Management used a valuation specialist to appraise all Property, plant and equipment as at 31 December 2023.
- *Provision for expected credit losses of trade receivables* - Except for receivable that are provided for, the Group has no issues with collection of receivables. Main Group customers are large retailers and distributors management judges to have low risk of default. (for further details please see *Note 19 Trade Receivables* and *Note 29 ii) – Financial instruments – risk management)*;

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

- *Accounting for transactions under common control* (see *Note 13 Business combinations* – Bico and Electroplast acquisitions);
- Management analysed current year losses and does not consider them indicative of the future performance of the Group. The strategy of the Group is to acquire, transform, consolidate, scale operations and become debt free and therefore, after the acquisition of new business there is a period of transformation, consolidation which is cost intensive.. The company's management believes that net debt ratio will improve in the future as the subsidiaries have already started to repay existing loans; the level of acquisitions of new companies in the coming period is expected to be much lower, generating less debt; cash flow started to improve because of the Group's strategy (for further details please see *Note 13 Business combinations* and *Note 14 Goodwill*).

4. SEGMENT REPORTING
a) Information about reportable segments

2023	Fiberglass and fiberglass reinforcement	Varnishes, paints and decorative plasters	Doors for residential buildings	Edged panels and fencing mesh	Electric cables	Total reportable segments
Revenue						
External Customers	144,963,007	96,209,238	55,479,732	50,696,545	78,515,277	425,863,799
Other operating income	654,431	4,726	611,635	47,806	72,745	1,391,343
Changes in inventories of finished goods and work in progress	(16,847,068)	510,081	1,691,651	(891,707)	389,595	(15,147,448)
Raw materials, consumables used and merchandise costs	(77,736,315)	(59,179,893)	(33,974,796)	(35,365,268)	(64,186,119)	(270,442,391)
Depreciation and amortisation	(8,246,153)	(3,631,167)	(6,125,312)	(2,649,523)	(2,052,310)	(22,704,465)
Employee benefits expenses	(25,828,493)	(12,943,786)	(14,391,826)	(6,349,632)	(5,745,513)	(65,259,250)
Advertising costs	(2,362,997)	(3,004,682)	(701,032)	(387,090)	(303,033)	(6,758,834)
Services and utilities expenses	(17,894,391)	(6,880,830)	(6,130,874)	(4,870,652)	(3,383,044)	(39,159,791)
Other gains/(losses) – net	**(342,921)**	**(312,089)**	**(1,159,525)**	**(1,934,446)**	**(22,223)**	**(3,771,204)**
Revaluation loss	*(26,913)*	*(36,886)*	*(3,003)*	*(1,424,886)*	-	*(1,491,688)*
Net foreign exchange gains/(losses)	*(56,665)*	*(371,620)*	*(497,069)*	*(583,208)*	*(96,375)*	*(1,604,937)*
Gain/(loss) on disposal of property, plant and equipment	*(688,358)*	*40,367*	-	*74,617*	-	*(573,374)*
Expected credit loss on trade receivables	*(204)*	*(35,348)*	-	-	-	*(35,552)*
Impairment of current assets	*408,407*	-	*(659,453)*	-	*74,152*	*(176,894)*
Other	*20,812*	*91,398*	-	*(970)*	-	*111,240*
Share of loss of an associate	(206,065)	-	-	-	-	(206,065)
Loss on derecognition of associate	(705,018)	-	-	-	-	(705,018)
Loss on liquidated entity	(17,047)	-	-	-	-	(17,047)
EBITDA adjusted*	**5,377,189**	**14,770,904**	**1,925,037**	**2,879,033**	**5,434,060**	**30,386,223**
Financial income	9,643	94,840	348,321	65,988	3	518,795
Financial costs	(4,501,834)	(3,077,650)	(4,715,537)	(2,964,087)	(2,551,036)	(17,810,144)
Segment profit/(loss) before tax	**(9,061,221)**	**7,788,788**	**(9,067,563)**	**(4,602,066)**	**734,342**	**(14,207,720)**
Total assets	**168,960,347**	**129,176,056**	**113,505,645**	**82,603,158**	**130,375,345**	**624,620,551**
Total liabilities	**83,348,483**	**84,539,437**	**77,836,883**	**52,763,242**	**73,184,179**	**371,672,224**
Other disclosures:						
Capital expenditure	10,255,659	13,979,572	4,998,471	1,618,845	5,453,765	36,306,312

**Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation or namely EBITDA) for operating segments is defined and calculated as segment profit/(loss) before tax of a given operating segment adjusted for i) depreciation, amortization and impairment/reversal of impairment of property, plant and equipment and intangible assets in the operating segment and iI) net finance result in the operating segment. EBITDA is not an IFRS measure and should not be treated as an alternative to IFRS measures. Moreover, EBITDA is not uniformly defined. The method used to calculate EBITDA by other companies may differ significantly from that used by the Group. As a consequence, the EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to EBITDA of other companies.*

ROCA INDUSTRY

4. SEGMENT REPORTING (CONTINUED)
a) Information about reportable segments (continued)

2022	Fiberglass and fiberglass reinforcement	Varnishes, paints and decorative plasters	Doors for residential buildings	Edged panels and fencing mesh	Total reportable segments
Revenue					
External Customers	132,876,211	77,029,926	39,448,801	12,106,555	261,461,493
Other operating income	793,111	621,788	352,609	11,951	1,779,459
Changes in inventories of finished goods and work in progress	21,659,094	2,794,714	59,823	(3,954,546)	20,559,085
Raw materials, consumables used and merchandise costs	(108,669,267)	(54,826,780)	(23,664,116)	(6,491,032)	(193,651,195)
Depreciation and amortisation	(5,932,698)	(3,200,388)	(3,341,089)	(634,887)	(13,109,062)
Employee benefits expenses	(19,779,740)	(9,030,053)	(7,124,996)	(1,196,904)	(37,131,693)
Advertising costs	(453,392)	(528,362)	(147,072)	(11,306)	(1,140,132)
Impairment of goodwill	(9,855,137)	-	-	-	(9,855,137)
Services and utilities expenses	(14,301,696)	(6,710,208)	(3,471,224)	(1,608,241)	(26,091,369)
Other gains/(losses) – net	**(1,558,567)**	**845,283**	**(595,203)**	**(15,644)**	**(1,324,131)**
Net foreign exchange gains/(losses)	*(766,870)*	*25,179*	*(278,779)*	*(265,769)*	*(1,286,239)*
Gain on disposal of property, plant and equipment	*15,699*	*592,288*	-	-	*607,987*
Expected credit loss on trade receivables	*(59,929)*	*109,106*	-	*250,125*	*299,302*
Impairment of current assets	*(749,596)*	-	*(316,424)*	-	*(1,066,020)*
Other	*2,129*	*118,710*	-	-	*120,839*
Share of loss of an associate	(49,715)	-	-	-	(49,715)
EBITDA adjusted*	**11,316,925**	**9,578,841**	**5,137,401**	**(893,398)**	**25,139,769**
Financial income	(14,701)	47,783	4,127	193	37,402
Financial costs	(2,725,266)	(1,654,159)	(3,047,116)	(523,243)	(7,949,784)
Segment profit/(loss) before tax	**(8,011,763)**	**5,389,544**	**(1,525,456)**	**(2,317,104)**	**(6,464,779)**
Total assets	**165,938,894**	**115,521,962**	**119,526,937**	**70,514,164**	**471,501,957**
Total liabilities	**74,000,007**	**79,923,391**	**86,398,951**	**48,917,214**	**289,239,563**
Other disclosures:					
Investment in an associate	1,070,610	-	-	-	1,070,610
Capital expenditure	12,568,455	2,876,059	16,054,166	1,617,962	33,116,642

**Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation or namely EBITDA) for operating segments is defined and calculated as segment profit/(loss) before tax of a given operating segment adjusted for i) depreciation, amortization and impairment/reversal of impairment of property, plant and equipment and intangible assets in the operating segment and iI) net finance result in the operating segment. EBITDA is not an IFRS measure and should not be treated as an alternative to IFRS measures. Moreover, EBITDA is not uniformly defined. The method used to calculate EBITDA by other companies may differ significantly from that used by the Group. As a consequence, the EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to EBITDA of other companies.*

4. SEGMENT REPORTING (CONTINUED)
a) Information about reportable segments (continued)

Please see below a reconciliation of adjusted EBITDA for each segment :

2023	Fiberglass and fiberglass reinforcement	Varnishes, paints and decorative plasters	Doors for residential buildings	Edged panels and fencing mesh	Electric cables	Total reportable segments
Operational profit	**(4,569,030)**	**10,771,598**	**(4,700,347)**	**(1,703,967)**	**3,285,375**	**3,083,629**
Segment depreciation and amortisation	8,246,153	3,631,167	6,125,312	2,649,523	2,052,310	22,704,465
Segment revaluation loss	26,913	36,886	3,003	1,424,886	-	1,491,688
Segment gain on disposal of property, plant and equipment, net	688,358	(40,367)	-	(74,617)	-	573,374
Segment net foreign exchange gains/(losses)	56,665	371,620	497,069	583,208	96,375	1,604,937
Segment share of profit of an associate	206,065	-	-	-	-	206,065
Segment loss on derecognition of associate	705,018	-	-	-	-	705,018
Segment loss on liquidated entity	17,047	-	-	-	-	17,047
Segment Impairment of goodwill	-	-	-	-	-	-
Adjusted EBITDA	**5,377,189**	**14,770,904**	**1,925,037**	**2,879,033**	**5,434,060**	**30,386,223**

2022	Fiberglass and fiberglass reinforcement	Varnishes, paints and decorative plasters	Doors for residential buildings	Edged panels and fencing mesh	Holding entity	Total reportable segments
Operational profit	**(5,271,796)**	**6,995,920**	3,341,089	**(1,794,054)**	**(3,279,979)**	**1,447,603**
Segment depreciation and amortisation	5,932,698	3,200,388	-	634,887	243,392	13,109,062
Segment revaluation loss	-	-	-	-	-	-
Segment gain on disposal of property, plant and equipment, net	(15,699)	(592,288)	278,779	-	-	(607,987)
Segment net foreign exchange gains/(losses)	766,870	(25,179)	-	265,769	(59,305)	1,286,239
Segment share of profit of an associate	49,715	-	-	-	-	49,715
Segment Impairment of goodwill	9,855,137	-	**5,137,401**	-	-	9,855,137
Adjusted EBITDA	**11,316,925**	**9,578,841**	3,341,089	**(893,398)**	**(3,095,892)**	**25,139,769**

	2023	**2022**
EBITDA adjusted	30,386,223	25,139,769
Unallocated:		
Parent Company EBITDA adjusted	(6,334,621)	(3,095,892)
TOTAL EBITDA adjusted	24,051,602	22,043,877

4. SEGMENT REPORTING (CONTINUED)

b) Basis for segmentation

The following summary describes the operations of each reportable segment:

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Fiberglass and fiberglass reinforcement	Fiberglass mesh production through facilities in Piatra Neamt, Vaslui and Republic of Moldova
Varnishes, paints and decorative plasters	Production of paints, primers, varnishes, thinners, washables, adhesives, decorative plasters and dyes
Doors for residential buildings	Production of doors intended for residential buildings
Edged panels and fencing mesh	Production of fence edged panels, fencing mesh, Rabitz mesh, rectangular pillars and other related products
Copper and aluminium electric cables	Production of electrical low-voltage copper and aluminium cables

The Board of Directors are separately monitoring the operational results of the operating segments for the purpose of taking decisions on resource allocation and performance evaluation. Segment earnings before interest, tax, depreciation and amortisation ("EBITDA") is used to measure performance because management believes that such information is one of the most relevant in evaluating the results of the segments.

All assets and liabilities are allocated to reportable segments.

Reconciliation of profit/(loss) account	**2023**	**2022**
Segment profit/(loss) before tax	**(14,207,720)**	**(6,464,779)**
Income tax	(134,825)	(10,707)
Segment result after tax	(14,342,545)	(6,475,486)
Unallocated:		
Parent Company operating expenses	(6,788,043)	(3,502,527)
Result after tax on discontinued operations	**(21,130,588)**	**(9,978,013)**

Reconciliation of assets	**31 December 2023**	**31 December 2022**
Segment operating assets	**624,620,551**	**471,501,957**
Unallocated:		
Parent Company assets (mainly cash & right-of-use assets)	1,152,870	2,996,293
Total assets	**625,773,421**	**474,498,250**
Reconciliation of liabilities		
Segment operating liabilities	371,672,224	289,239,563
Unallocated:		
Parent Company liabilities	70,502,277	6,607,714
Total liabilities	**442,174,501**	**295,847,277**

4. SEGMENT REPORTING (CONTINUED)
b) Basis for segmentation(continued)

The Group allocated interest expense to segments without allocating the originating liabilities to them.

	Non-current assets*	
	31 December 2023	31 December 2022
Romania	311,263,324	229,501,985
Republic of Moldova	12,708,798	2,832,638
Lithuania	7,963,023	-

*The fixed assets for this purpose consist of tangible assets, right-of-use assets and intangible assets.

5. REVENUE

	2023	2022
External revenue by product line		
Fiberglass and fiberglass reinforcement	144,963,007	134,533,251
Varnishes, paints and decorative plasters	96,209,238	75,372,886
Doors for residential buildings	55,479,732	39,448,801
Edged panels and fencing mesh	50,696,545	12,106,555
Electric cables	78,515,277	-
	425,863,799	**261,461,493**

	2023	2022
External revenue by timing of revenue		
Goods transferred at a point in time	423,708,552	261,308,697
Services transferred as they are provided	2,155,247	152,796
	425,863,799	**261,461,493**

There are no outstanding or partially outstanding obligations at 31 December 2023 or 31 December 2022.

Geographical information

		2023 Revenue from both external & internal customers				
Country	**Total**	**Fiberglass and fiberglass reinforcement**	**Varnishes, paints and decorative plasters**	**Doors for residential buildings**	**Edged panels and fencing mesh**	**Electric cables**
Romania	335,232,062	59,129,090	95,834,136	54,790,080	48,197,443	77,281,313
Italy	40,135,584	40,135,584	-	-	-	-
Germany	9,581,593	9,380,790	-	-	-	200,803
Bulgaria	6,461,500	6,461,500	-	-	-	-
Greece	6,026,087	6,026,087	-	-	-	-
Croatia	3,705,645	3,416,219	-	-	-	289,426
Portugal	3,505,310	3,505,310	-	-	-	-
Poland	3,348,223	3,348,223	-	-	-	-
Hungary	2,673,313	2,263,594	-	219,875	-	189,844
France	3,337,799	960,389	-	-	2,318,915	58,495
Other	11,856,683	10,336,221	375,102	469,777	180,187	495,396
	425,863,799	**144,963,007**	**96,209,238**	**55,479,732**	**50,696,545**	**78,515,277**

5. REVENUE (CONTINUED)

Country	Total	2022 Revenue from external and internal customers Fiberglass and fiberglass reinforcement	Varnishes, paints and decorative plasters	Doors for residential buildings	Edged panels and fencing mesh	Electric cables
Romania	187,664,271	59,674,773	77,029,926	39,258,027	11,701,545	-
Italy	47,533,484	47,533,484	-	-	-	
Germany	6,332,080	6,332,080	-	-	-	-
Bulgaria	6,934,948	6,934,948	-	-	-	-
Greece	3,135,705	3,135,705	-	-	-	-
Croatia	3,558,072	3,558,072	-	-	-	-
Portugal	680,640	680,640	-	-	-	-
Hungary	1,268,650	1,077,876	-	190,774	-	-
France	405,008	-	-	-	405,009	-
Other	3,948,635	3,948,634	-	-	-	-
	261,461,493	**132,876,212**	**77,029,926**	**39,448,801**	**12,106,554**	**-**

Information about main customers

Revenues of approximately 125.7 million RON (2022: 94 million RON) from all income segments, derived from sales to the Group's largest customer, which is one of the most expansive construction materials retailers on the local market.

No other single customer contributed 10% or more to the Group's revenues in 2023 or 2022. All other customers represent less than 5% of total revenue individually. The main customers of the Group are large distributors and retailers.

6. OTHER OPERATING INCOME

	2023	2022
Amortisation of government grants towards purchase of property, plant and equipment	996,881	741,958
Dividends income from equity instruments	69,300	-
Other income	326,249	1,038,272
	1,392,430	**1,780,230**

7. EMPLOYEE BENEFITS EXPENSES

	2023	2022
Wages and salaries	(66,744,657)	(37,844,551)
Social security contributions	(1,443,713)	(693,411)
	(68,188,370)	**(38,537,962)**

8. SERVICES AND UTILITIES EXPENSES

	2023	2022
Transport costs	(10,703,179)	(7,021,996)
Energy and water	(9,867,729)	(7,164,379)
Labor protection services	(767,668)	(1,353,810)
Expenses with taxes	(2,625,495)	(1,193,498)
Repair and maintenance costs	(1,294,773)	(695,637)
Insurance costs	(1,030,300)	(398,943)
Management and consulting fees	(2,004,370)	(1,181,213)
Legal and accounting advice	(1,498,862)	(103,493)
Audit fees	(1,173,228)	(521,456)
Rent	(428,094)	(677,012)
IT services	(402,900)	(86,376)
Recruitment services	(495,499)	(46,264)

8. SERVICES AND UTILITIES EXPENSES(CONTINUED)

	2023	2022
Transport costs	(10,703,179)	(7,021,996)
Energy and water	(9,867,729)	(7,164,379)
Labor protection services	(767,668)	(1,353,810)
Expenses with taxes	(2,625,495)	(1,193,498)
Repair and maintenance costs	(1,294,773)	(695,637)
Insurance costs	(1,030,300)	(398,943)
Management and consulting fees	(2,004,370)	(1,181,213)
Legal and accounting advice	(1,498,862)	(103,493)
Audit fees	(1,173,228)	(521,456)
Rent	(428,094)	(677,012)
IT services	(402,900)	(86,376)
Recruitment services	(495,499)	(46,264)
Environmental and fire protection services	(306,348)	(5,244)
Waste collection and recycling	(427,200)	(414,730)
Valuation fees	(250,895)	(102,144)
Commissions	(142,429)	(3,036,910)
Expense with third parties services	(7,133,139)	(2,376,983)
Other expenses	(1,041,343)	(1,021,709)
	(41,593,451)	**(27,401,797)**

9. OTHER GAINS / (LOSSES) - NET

	2023	2022
Property, plant, and equipment revaluation loss	(1,491,688)	-
Net foreign exchange gains/(losses)	(1,396,383)	(1,226,934)
Expected credit loss on trade receivables	(35,551)	299,302
Impairment of current assets	(176,894)	(1,066,020)
Gain on disposal of property, plant and equipment, net	(571,400)	607,987
Other	113,704	120,838
	(3,558,212)	**(1,264,827)**

10. FINANCE INCOME AND FINANCE COSTS

	2023	2022
Finance costs		
Interest on loans	(16,033,699)	(7,216,088)
Interest on lease liabilities	(366,795)	(71,915)
Bank commisions	(659,420)	(527,242)
Financial discounts granted	(764,250)	(327,953)
Other financial costs	(622,489)	(845)
	(18,446,653)	**(8,144,043)**

Finance income	2023	2022
Interest income	689,255	27,491
Other finance income	10,275	9,911
	699,530	**37,402**

11. INCOME TAX

	2023	2022
Current tax	(1,344,620)	(1,500,981)
Deferred tax (see *Note 28*)	1,215,782	1,461,912
Income tax expense	**(128,838)**	**(39,069)**

The charge for the year can be reconciled to the profit before tax as follows:

	2023	2022
Profit before tax on continuing operations	**(21,001,750)**	**(9,938,944)**
Romanian corporate tax rate of 16 % (2022: 16 %)	(3,360,280)	(1,590,231)
Tax effect of non-deductible expenses when determining taxable profit:		
Depreciation	1,035,171	74,223
Accruals	161,873	299,454
Sponsorship	1,404	84,230
Protocol expenses	40,493	54,987
Other	1,153,639	223,941
Tax effect of non-taxable income in determining taxable profit:		
Dividends income	(11,088)	-
Legal reserve	-	(13,932)
Reversal of accruals	(54,654)	(272,576)
Others	(5,724)	-
Unrecognised deferred tax assets	2,039,235	2,025,953
Effect of different tax rates of subsidiaries operating in other jurisdictions	(34,693)	(54,768)
Effect of a different tax regime	-	46,383
Fiscal credits	(658,504)	(383,469)
Income tax reductions	(138,263)	(178,387)
Reinvested profit	(46,918)	-
Other tax effects	7,147	(276,739)
Tax expense for the year	**128,838**	**39,069**

The Group has tax losses that arose in Romania that are available for 7 years for offsetting against future taxable profits of the companies in which the losses arose. The tax losses will expire in 2029.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and there are no other tax planning opportunities or other evidence of recoverability in the near future.

12. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit after tax for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. There are no dilutive financial instruments and diluted EPS equals EPS.

	2023	2022
Loss after tax attributable to ordinary equity holders of the parent:	(19,394,198)	(10,867,424)
Weighted average number of ordinary shares for basic EPS	17,694,573	17,694,573
Loss after tax attributable to ordinary equity holders of the parent	***(1.10)***	***(0.61)***

13. BUSINESS COMBINATIONS

The Group's strategy is to develop and scale strong domestic brands active in the field of building materials, both under a joint strategy, and through the synergies generated by their activity. Thus, in order to implement this strategy, the Groups aims to achieve its objectives, both through organic growth - by increasing and developing the companies inside the holding - and through M&A consolidations with other complementary companies in the same activity sector, which should allow the generation of synergies.

The Group has purchased two of its subsidiaries (Bico in 2021 and Electroplast in 2023) from its Parent-Company, Roca Investments. The Group has decided to account for transactions under common control in accordance with provisions of IFRS 3 – Business combinations accounting, according to which the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole. The accounting policy has been applied consistently in both acqusitios.

Acquisitions in 2023

Acquisition of IRANGA Technologijos UAB ('Iranga')

On 2 May 2023, the Group, acquired Iranga, a non-listed company based in Lithuania and specialised in the production of fiber glass and composite fibre glass materials. The value of the transaction amounted to EUR 1,6 million, EUR 0.45 million for the acquisition of the shares and EUR 1,1 million for the acquisition of a shareholder loan. The acquisition of Iranga is in line with the development strategy of the Group, the new acquired company will support the diversification of the markets in which the Group is present, contributing to the creation of added value through synergies within the fiber glass segment of the Group.

Acquisition-related costs amounting to RON 891,372 are included in operating expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

From the date of acquisition, Iranga contributed RON 4,660,057 of revenue and RON 205,461 to loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been RON 3,910,540 higher and loss before tax from continuing operations for the Group would have been RON 406,859 larger.

Acquisition of ELECTROPLAST SA ('Electroplast')

In June 2023, the Group acquired 99,99997 % of the share capital of Electroplast, a company held by the Group's main shareholder, Roca Investments S.A. ('Roca Investments') for a consideration equal to RON 45,750,988. The value of the consideration was established on the basis of a valuation report prepared by an independent valuer authorized by ANEVAR.

From the date of the acquisition of control, Electroplast contributed RON 78,515,277 to revenue and RON 638,965 to gain before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been RON 77,450,117 higher and loss before tax from continuing operations for the Group would have been RON 639,488 lower.

13. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of EUROPLAS Lux SRL ('Europlas')

In October 2022, Bico initiated the process of acquiring 55% of the share capital of Europlas, thus signing two transactions. The acquisition of the 50% stake has already been completed in 2022, while the acquisition of the 5% stake in the share capital was expected to be completed in the first part of 2023. BICO had substantially no control over Europlas Lux as of year ended as at 31 December 2022 and therefore this was considered an associate for Roca Industry and not consolidated, as half of the shares were still controlled by the former shareholder.

However, in October 2023 Bico acquired the remaining shares and became the sole shareholder of Europlas. The purchase price paid by Bico for the remaining 45% amounted to EUR 120,000. Acquisition-related costs amounting to RON 19,317 are included in operating expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

From the date of the acquisition of control, Europlas had no contribution to revenue, however contributed with RON 1,016,948 to loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, the loss before tax from continuing operations for the Group would have been RON 1,535,481 larger.

Acquisitions in 2022

Acquisition of TERRA (Terra Impex Termoizolare SRL, Terra Impex SRL, Investiti Imobiliare SRL)

In March 2022, the Group, through its subsidiary BICO, completed the acquisition transaction of 100% shares of TERRA, a subgroup of three entities, one incorporated in Romania (Terra Impex Termoizolare SRL) and two in the Republic of Moldova (Terra Impex SRL and Investitii Imobiliare SRL). TERRA is specialised in the manufacture of fiberglass mesh.

In 2022, from the date of acquisition, TERRA contributed RON 30,504,770 of revenue and RON 25,217 to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been RON 42,525,171 higher and gain before tax from continuing operations for the Group would have been RON 924,517 larger.

Acquisition of Eco Euro Doors Srl

In May 2022, the Group, purchased, through its subsidiary Doorsrock4 SRL, 70% of the shares of EED, a company based in Romania and specialised in the production of doors for residential constructions.

In November 2022, the shareholders holding the remaining 30% of EED's share capital exercised their put option for the sale of this stake. Thus, at the end of 2022, the Group owned 100% of the shares of EED.

Acquisition-related costs amounting to RON 517,683 are included in financial costs in the statement of profit or loss and in operating cash flows in the statement of cash flows.

In 2022 the turnover taken into account in the consolidation was RON 39,448,801 and the loss was RON 1,168,768 (together with the impact of the special purpose vehicle entity, Doorsrock). If the combination had taken place at the beginning of the year, revenue from continuing operations would have been RON 67,093,038 higher and gain before tax from continuing operations for the Group would have been RON 4,515,958 larger.

13. BUSINESS COMBINATIONS (CONTINUED)
Acquisitions in 2022(continued)

Acquisition of Dial SRL

In September 2022, the Group acquired, through the special purpose vehicle Nativerock1 SRL, 100% of the shares of Dial SRL, a company based in Romania and specialised in the manufacture of fence edging panels, fence mesh, Rabitz mesh, rectangular poles and others.

Acquisition-related costs amounting to RON 713,232 are included in financial costs in the statement of profit or loss and in operating cash flows in the statement of cash flows.

In 2022 the turnover taken into account in the consolidation was RON 12,106,555 and the loss was RON 1,950,802 (together with the impact of the special purpose vehicle entity, Nativerock). If the combination had taken place at the beginning of the year, revenue from continuing operations would have been RON 65,445,807 higher and loss/gain before tax from continuing operations for the Group would have been RON 4,342,979 larger.

Liabilities related to acquisitions of shareholdings

	31 December 2023	31 December 2022
Evolor	12,346,125	14,747,962
Electroplast	56,412,776	-
Dial	-	2,473,745
EED	-	12,836,203
Total liabilities related to acquisitions of participations	**68,758,901**	**30,057,910**

Acquisitions in 2023 - Assets and liabilities taken over

The fair values of the identifiable assets and liabilities at the date of acquisition are shown in the table below. Fair value measurements were carried out by an independent valuer ANEVAR.

	IRANGA	ELECTROPLAST	EUROPLAS	Total
Trademarks	-	14,423,620	-	14,423,620
Customer contracts	-	5,774,352	-	5,774,352
Licenses and other intangible assets	-	942,830	5,954	948,784
Property, plant and equipment	6,988,583	37,069,074	959,908	45,017,565
Right-of-use assets	1,679,845	2,230,840	1,576,120	5,486,805
Investments	-	17,400	-	17,400
Inventories	1,453,545	10,747,450	1,113,924	13,314,919
Trade and other receivables	1,079,313	44,683,907	41,473	45,804,693
Cash and cash equivalents	274,916	1,796,484	625,833	2,697,233
Total assets	**11,476,202**	**117,685,957**	**4,323,212**	**133,485,371**
Borrowings	(3,127,658)	(51,046,858)	(955,119)	(55,129,635)
Lease liabilities	(1,679,845)	(2,023,697)	(1,576,120)	(5,279,662)
Trade payables	(4,398,418)	(31,309,570)	(161,836)	(35,869,824)
Other payables	(370,906)	(1,065,999)	(1,114,851)	(2,551,756)
Deferred tax liabilities	(1,350,982)	(310,290)	(31,873)	(1,693,145)
Total liabilities	**(10,927,809)**	**(85,756,414)**	**(3,839,799)**	**(100,524,022)**

13. BUSINESS COMBINATIONS (CONTINUED)
Acquisitions in 2023 - Assets and liabilities taken over (continued)

	IRANGA	ELECTROPLAST	EUROPLAS	Total
Total identifiable net assets at fair value	**548,393**	**31,929,543**	**483,413**	**32,961,349**
Non-controlling interest	500,897	3	45,070	545,970
Fair value of previously held equity interest	-	-	(159,526)	(159,526)
Goodwill arising on acquisition	1,168,760	13,821,443	227,131	15,217,334
Purchase consideration transferred	**2,218,050**	**45,750,989**	**596,088**	**48,565,127**
Acquisition consideration — Cash out				
Consideration of the acquisition transferred	2,218,050	45,750,989	596,088	48,565,127
Shareholder debt acquired	3,127,658	11,574,797	1,218,506	15,920,961
Contingent consideration	-	-	-	-
Less: Cash balances acquired	(274,916)	(1,796,484)	(625,833)	(2,697,233)
Less: Liabilities – December 31, 2023	-	(56,412,776)	-	(56,412,776)
Net cash outflows — investment activities	**5,070,792**	**(883,474)**	**1,188,761**	**5,376,079**

The cash flows resulting from the acquisition of subsidiaries have been presented in the consolidated statement of cash flows, taking into account also the changes in liabilities related to acquisition of subsidiaries, presented in note 13.

In case of Electroplast, at the date of acquisition, loans consisting of debts to credit institutions and approx. RON 11 Mil. loan from former shareholders, which after the takeover were transferred to the new shareholder, Roca Industry.

In respect of goodwill for Electroplast, the most significant contributors to Electroplast goodwill were considered the synergies the entity will generate in the Group. . Goodwill for Iranga and Europlas considered not significant.

Reconciliation of cash flows related to subisdiaries acquisition:

	2023	2022
Payments for acquisition of subsidiaries (net of cash acquired), statement of cash flow:	(23,087,863)	(139,210,888)
Net cash outflows — for current year acquisitions	5,376,079	123,973,361
Settlement of liabilities related to acquisitions in prior periods	17,711,784	15,237,527

The cash flows resulting from the acquisition of subsidiaries have been presented in the consolidated statement of cash flows, taking into account also the changes in liabilities related to acquisition of subsidiaries, presented in note 13.

13. BUSINESS COMBINATIONS (CONTINUED)
Acquisitions in 2023 - Assets and liabilities taken over (continued)

Acquisitions in 2022 - Assets and liabilities taken over

The fair values of the identifiable assets and liabilities at the date of acquisition are shown in the table below. Fair value measurements were carried out by an independent valuer ANEVAR.

	EED	DIAL	TERRA	Total
Trademarks	17,284,439	-	-	17,284,439
Customer contracts	14,240,463	5,128,401	-	19,368,864
Licenses and other intangible assets	8,631	4,436	930	13,997
Property, plant and equipment	21,872,384	28,219,703	6,278,977	56,371,064
Right-of-use assets	3,546,144	-	-	3,546,144
Inventories	27,480,135	22,458,146	7,438,934	57,377,215
Trade and other receivables	13,317,546	7,332,766	13,099,203	33,749,515
Cash and cash equivalents	892,266	1,502,851	3,491,778	5,886,895
Total assets	**98,642,008**	**64,646,303**	**30,309,822**	**193,598,133**
Borrowings	(20,846,296)	(11,334,987)	(5,935,675)	(38,116,958)
Lease liabilities	(2,706,032)	-	-	(2,706,032)
Trade payables	(15,399,183)	(1,077,896)	(10,095,148)	(26,572,227)
Deferred tax liabilities	(5,622,393)	(1,544,711)	(100,155)	(7,267,259)
Total liabilities	**(44,573,904)**	**(13,957,594)**	**(16,130,978)**	**(74,662,476)**
Total identifiable net assets at fair value	**54,068,104**	**50,688,709**	**14,178,844**	**118,935,657**
Non-controlling interest	(16,220,431)	-	1,258,705	(14,961,726)
Goodwill arising on acquisition	10,730,885	6,134,740	2,936,977	16,865,625
Purchase consideration transferred	**48,578,558**	**56,823,449**	**18,374,526**	**123,776,533**
Paid after the date control was taken over	21,393,671	-	**-**	**21,393,671**
	69,972,229	**56,823,449**	**18,374,526**	**145,170,204**
Acquisition consideration — Cash out				
Consideration of the acquisition transferred	69,972,229	56,823,449	18,374,526	145,170,204
Capital contribution	-	-	-	-
Contingent consideration	-	-	-	-
Less: Cash balances acquired	(892,266)	(1,502,851)	(3,491,778)	(5,886,895)
Less: Liabilities – December 31, 2022	(12,836,203)	(2,473,745)	-	(15,309,948)
Net cash outflows — investment activities	**56,243,760**	**52,846,853**	**14,882,748**	**123,973,361**

13. BUSINESS COMBINATIONS (CONTINUED)
Acquisitions in 2022 - Assets and liabilities taken over (continued)

Acquisition of remaining 30 % stake in EED

The Group has accounted for the NCI using present access method.

	31 December 2022
Carrying amount of non-controlling interests acquired	16,692,175
Consideration paid to non-controlling interests	(21,393,671)
Difference recognized in retained earnings	**(4,701,496)**

In determining FV of trademarks in business combinations they applied the relief from royalty method for trademarks as discussed below.

The excess economic benefits method determined the value of client lists as the present value of the cash flows attributable to the intangible asset, after deducting the cash flows attributable to other assets.

Presented below are the main assumptions and sensitivities for trademarks and customer lists as of valuation date. No impairment indicators identified by management in respect of trademarks or customer lists.

Trademarks	Valuation technique — application of the method of avoiding payment of royalty — Level 3
EED	The royalty rates recorded in the Markables database range from 0.3% to 2.8%, depending on size, products, market share and financial performance. In order to estimate the royalty rate, the median value of the sample, i.e. 2.5%, was used. Discount rate 15%, Growth rate 2.5%
ELP	The royalty rates recorded in the Markables database range from 0.3% to 2%, depending on size, products, market share and financial performance. In order to estimate the royalty rate, the median value of the sample, i.e. 1.1%, was used. Discount rate 17,83%, Growth rate 2.6%
BICO	Royalty rates recorded in the Markables database range from 2.5% to 4.6%, depending on size, products, market share and financial performance. To estimate the royalty rate, the sample median, i.e. 3.1%, was used. Discount rate 15%, growth rate 2%. A modest royalty rate of 0.25% was estimated for the Bico Industries dome brand. Update rate 15%, growth rate 2%.
EVOLOR	Royalty rates recorded in the Markables database range from 0.8% to 4.6%, depending on size, products, market share and financial performance. To estimate the royalty rate, the sample median value, i.e. 3.3%, was used. Discount rate 12.96%, growth rate in perpetuity 2%.

Sensitivity analysis — Eco Euro Doors					
Discount rate	**Income growth rate (in perpetuity)**				
	2.00 %	**2.25%**	**2.50 %**	**2.75 %**	**3.00 %**
14.50 %	17,529	17,677	17,827	17,981	18,137
14.75 %	17,262	17,406	17,552	17,702	17,854
15.00%	17,002	17,142	**17,284**	17,429	17,577
15.25 %	16,749	16,885	17,024	17,164	17,308
15.50 %	16,503	16,635	16,769	16,906	17,046

Sensitivity analysis - ELP					
Discount rate	**Income growth rate (in perpetuity)**				
	2.10%	**2.35%**	**2.60%**	**2.85%**	**3.10%**
17.33%	14,648	14,738	14,829	14,923	15,018
17.58%	14,447	14,535	14,624	14,715	14,807
17.83%	14,252	14,337	**14,424**	14,512	14,602
18.08%	14,061	14,144	14,228	14,314	14,401
18.33%	13,875	13,955	14,037	14,120	14,205

13. BUSINESS COMBINATIONS (CONTINUED)
Acquisitions in 2022 - Assets and liabilities taken over (continued)

Sensitivity analysis Evolor — trademark Sticky					
Discount rate	Income growth rate (in perpetuity)				
	1.50%	1.75%	2.00%	2.25%	2.50%
12.46%	17,395	17,498	17,602	17,708	17,816
12.71%	17,107	17,206	17,307	17,409	17,514
12.96%	16,827	16,923	**17,020**	17,119	17,220
13.21%	16,555	16,647	16,741	16,837	16,935
13.46%	16,290	16,379	16,470	16,563	16,657

Sensitivity analysis Evolor — trademark Coral					
Discount rate	Income growth rate (in perpetuity)				
	1.50%	1.75%	2.00%	2.25%	2.50%
12.46%	914	919	925	930	936
12.71%	900	905	910	915	921
12.96%	886	891	**896**	901	906
13.21%	872	877	882	887	892
13.46%	859	864	868	873	878

Sensitivity analysis Bico – trademark BICO					
Discount rate	Income growth rate (in perpetuity)				
	1.50%	1.75%	2.00%	2.25%	2.50%
14.50%	19,189	19,325	19,463	19,603	19,747
14.75%	18,878	19,010	19,144	19,281	19,419
15.00%	18,576	18,704	**18,834**	18,966	19,101
15.25%	18,282	18,406	18,532	18,660	18,791
15.50%	17,995	18,115	18,238	18,362	18,489

Sensitivity analysis Bico – trademark BICO INDUSTRIES					
Discount rate	Income growth rate (in perpetuity)				
	1.50%	1.75%	2.00%	2.25%	2.50%
14.50%	3,413	3,436	3,459	3,483	3,507
14.75%	3,363	3,385	3,408	3,430	3,454
15.00%	3,314	3,335	**3,357**	3,379	3,402
15.25%	3,266	3,287	3,308	3,330	3,352
15.50%	3,219	3,240	3,260	3,281	3,302

Sensitivity analysis Bico - trademark HITROM					
Discount rate	Income growth rate (in perpetuity)				
	1.50%	1.75%	2.00%	2.25%	2.50%
14.50%	2,911	2,927	2,944	2,960	2,978
14.75%	2,874	2,889	2,905	2,922	2,938
15.00%	2,837	2,853	**2,868**	2,884	2,900
15.25%	2,802	2,817	2,832	2,847	2,863
15.50%	2,767	2,782	2,796	2,811	2,826

Contracts with customers — The Excess **Economic** Benefit **Method** determines the value of an intangible asset as the present value of the cash flows attributable **to** that intangible asset, after deducting cash flows that are attributable to other assets. **It is a complex valuation method and can usually be applied using cash flows forecast over several periods - Level 3.**

Sensitivity analysis — Eco Euro Doors					
Discount rate	Income growth rate (in perpetuity)				
	2.00 %	2.25%	2.50 %	2.75 %	3.00 %
16.00%	14,344	14,355	14,366	14,377	14,388
16.25 %	14,281	14,292	14,303	14,314	14,325
16.50 %	14,219	14,230	**14,240**	14,251	14,262
16.75 %	14,158	14,168	14,179	14,189	14,200
17 005	14,097	14,108	14,118	14,128	14,139

Sensitivity analysis — Dial					
Discount rate	Income growth rate (in perpetuity)				
	0.50 %	150%	2.50 %	3.50 %	4.50 %
18.64 %	5,177	5,177	5,177	5,177	5,177
18.89 %	5,153	5,153	5,153	5,153	5,152
19.14 %	5,129	5,129	**5,128**	5,128	5,128
19.39 %	5,105	5,105	5,104	5,104	5,104
19.64 %	5,081	5,081	5,081	5,081	5,080

Sensitivity analysis — EVOLOR					
Discount rate	Income growth rate (in perpetuity)				
	1.50%	1.75%	2.00%	2.25%	2.50%
13.96%	8,689	8,704	8,719	8,734	8,750
14.21%	8,617	8,631	8,646	8,661	8,676
14.46%	8,546	8,560	**8,574**	8,589	8,603
14.71%	8,476	8,489	8,503	8,518	8,532
14.96%	8,407	8,420	8,434	8,448	8,462

Sensitivity analysis — BICO					
Discount rate	Income growth rate (in perpetuity)				
	1.50%	1.75%	2.00%	2.25%	2.50%
16.50%	10,707	10,735	10,764	10,792	10,821
16.75%	10,606	10,633	10,660	10,688	10,716
17.00%	10,505	10,532	**10,559**	10,586	10,614
17.25%	10,407	10,433	10,460	10,486	10,513
17.50%	10,310	10,336	10,362	10,388	10,414

13. BUSINESS COMBINATIONS (CONTINUED)

Sensitivity analysis — ELP					
Discount rate	Income growth rate (in perpetuity)				
	2.10%	**2.35%**	**2.60%**	**2.85%**	**3.10%**
18.33 %	5,858	5,873	5,888	5,903	5,918
18.58 %	5,801	5,816	5,831	5,846	5,861
18.83 %	5,745	5,760	**5,774**	5,789	5,804
19.08 %	5,691	5,705	5,719	5,733	5,748
19.33 %	5,637	5,651	5,665	5,679	5,693

Property, plant and equipment — Level 2

Real estate were valued using the income capitalization method. The allocation of value between land and buildings was carried out by measuring the land using the market approach, the direct comparison method.

The activity-specific movable property was assessed using the net replacement cost method (indirect method).

Other assets and liabilities — it was generally considered that the carrying amounts are similar to fair values. Where necessary, additional allowances for the impairment of assets were created (e.g.: stocks, receivables).

14. GOODWILL

Goodwill is monitored by management at the level of the four operational segments identified in Note 4. A segment-level summary of the goodwill allocation is presented below:

	31 December 2023	31 December 2022
Varnishes, paints and decorative plasters	35,389,467	35,389,467
Fiberglass and fiberglass reinforcement	18,846,947	17,451,056
Doors for residential buildings	10,730,885	10,730,885
Edged panels and fencing mesh	6,134,741	6,134,741
Electric cables	13,821,443	-
	84,923,483	**69,706,149**

	RON
Cost	
At 1 January 2022	**59,914,683**
Recognized at the acquisition of subsidiaries	19,646,603
Other changes	-
At 31 December 2022	**79,561,286**
Recognized at the acquisition of subsidiaries	15,217,334
Other changes	-
At 31 December 2023	**94,778,620**
Accumulated impairment	
At 1 January 2022	-
Impairment losses for the year	(9,855,137)
At 31 December 2022	**(9,855,137)**
Impairment losses for the year	-
At 31 December 2023	**(9,855,137)**
Carrying amount	
At 31 December 2023	**84,923,483**
At 31 December 2022	**69,706,149**

14. GOODWILL (CONTINUED)

The impairment on goodwill which was recognised in 2022 related to Fiberglass and fiberglass reinforcement segment, respectively to Bico Industries.

Impairment testing for CGUs containing goodwill

Goodwill arises in a business combination and is the excess of the consideration transferred to acquire a business over the underlying fair value of the net identified assets acquired. Such goodwill is tested annually for impairment or whenever there are impairment indicators, and is carried at cost less accumulated impairment losses.

As a result of the management assessment, taking into account that the strategy of the Group for its subsidiaries is to acquire, transform, consolidate, scale operations and become debt free and therefore, after the acquisition of new business there is a period of transformation, consolidation which is cost intensive, in the beginning of this process.

The company's management analysed the recoverable value of the CGUs/ reportable segments, based on the valuation reports prepared at year-end by an independent valuer authorised by ANEVAR.

Following a business combination, goodwill is allocated to a cash-generating unit or to a group of cash-generating units that are expected to benefit, among others, from the synergies of the business combination.

The Group's cash-generating units (CGU) are defined on the basis of the type of products they make and sell. For the purpose of impairment testing, the Group's cash-generating units are aggregated into an operating segment, which is the level reviewed by the Group CFO (i.e. chief financial decision maker). The discount rate is determined by an independent evaluator.

Management has used the value in use approach to calculate the recoverable amount of the cash-generating unit. The aggregated recoverable amount of the operating segment is then compared to its aggregated carrying amount. An impairment loss is recognized if the aggregated carrying amount of the operating segment exceeds its aggregated recoverable amount. The value in use is determined based on future discounted cash flows using the weighted average cost of capital (WACC). The discount rate reflects the current assessment of the time value of money and the risks specific to the CGU.

The cash flow projections are generally based on a five-year financial planning period using business plans approved by management. The business plans include among others, management's current view on market growth, pricing and costs. In any event, the growth rate used to extrapolate cash flow projections beyond the planning period does not exceed the long-term average growth rate for the relevant market for the products and country in which the cash-generating unit operates.

A decrease in operating costs once the segments are fully integrated in the Group, synergies between segments and within the same segment are expected.

Management has determined the values assigned to each of the above key assumptions as follows:

14. GOODWILL (CONTINUED)

Assumption	Approach used to determine values
Sales volume	Sales volumes for the next 5 years were projected taking into account past data and expectations of demand for the next 5 years. Average growth rate for sales volume is of 14%.
Sales price	A sales prices were assumed to increase in line with inflation and industry specific growth rates; increases took into account management strategy and expectations for variations in price as a result of variation in CAGR for each segment. Average value increase in sales is of approximatively 10%.
Budgeted EBITDA margin	Based on past performance of each segment and expectation for improvement in operational costs as a result of synergies at Group level.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the replacement expenditure. No incremental revenue or cost savings are assumed in the value in use model as a result of this expenditure.
Weighted average cost of capital	This is the weighted average cost of capital used to extrapolate cash flows beyond the budget period. To calculate the discount rate, the Group used Weighted Average Cost of Capital ("WACC"), which reflects the optimal funding structure applied to the flows in the numerical order. **WACC (nominal) = KE* (E /(E+D) + KD* (D /(E+D)) * (1-t)** The main components in the calculation of the WACC are the cost of equity (Ke) and the cost of borrowed capital (Kd): ▪ The cost of equity (Ke) is calculated as follows: Ke=(Rf+β*MRP)+α ▪ The risk-free rate (Rf) used in the estimate is derived from the rate of government bonds, designated by law at the maturity date and published by the ECB. ▪ The Beta factor reflects the cost of the equity system and is measured by the coefficient and coefficient between the increase in equity capital and the increase in share capital. By applying the calculation formula: β*[1+D/E*(1-tax)] is calculated as the adjusted Beta factor and is applied when calculating the cost of equity. ▪ The EquityRiskPremium (ERP) is the difference between the average risk premium and the expected total risk premium. ERP was estimated from studies published by Damodaran.
Pre-tax discount rates	Reflects the specific risks related to the relevant segments and to the country.
Long-term growth rate	Long term growth rate used in impairment testing is of 2.6% for all subsidiaries. The long term growth rate was determined by an independent evaluator as at 31 December 2023.

A sensitivity analysis was performed on the discount rates and EBITDA variation for terminal value at the cash-generating units' level for goodwill impairment purposes.

Operating segments (2023)	Carrying amount of goodwill	Pre-tax WACC	Long-term growth rates	Adjusted EBITDA margins Terminal value
Fiberglass and fiberglass reinforcement (BICO)	18,846,947	14.37%	2.6%	15.4%
Edged panels and fencing mesh (DIAL)	6,134,741	13.85%	2.6%	20.3%
Varnishes, paints and decorative plasters (Evolor)	35,389,467	18.44%	2.6%	15.5%
Electric cables (Electroplast)	13,821,443	16.96%	2.6%	8.5%
Doors for residential buildings (EED)	10,730,885	15.62%	2.6%	18.9%

14. GOODWILL (CONTINUED)

Operating segments (2022)	Carrying amount of goodwill	Pre-tax WACC	Long-term growth rates	Adjusted EBITDA margins Terminal value
Fiberglass and fiberglass reinforcement (BICO)	17,451,056	15.79%	2.6%	17.9%
Edged panels and fencing mesh (DIAL)	6,134,741	14.14%	2.5%	16.8%
Varnishes, paints and decorative plasters (Evolor)	35,389,467	12.86%	2.6%	16%
Doors for residential buildings (EED)	10,730,885	14%	2.5%	28.40%

Fiberglass and fiberglass reinforcement segment

The recoverable amount of the fiberglass and fiberglass reinforcement CGU of RON 156,681 thousand was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 14.37% (2022: 15.79%) and cash flows beyond the five-year period are extrapolated using a 2.60% growth rate (2022: 2.60%). As a result of the analysis, there is headroom of RON 3,426 thousand and management did not identify an impairment for this CGU in 2023. In 2022, the carrying amount was determined to be higher than its recoverable amount by RON 9,855 thousand and an impairment loss was recognized for the same amount. The impairment loss was fully allocated to goodwill

Varnishes, paints and decorative plasters

The recoverable amount of varnishes, paints and decorative plasters CGU of RON 109,188 was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 13.85% (2022: 12.86%) and cash flows beyond the five-year period are extrapolated using a 2.60% growth rate (2022: 2.60%). As a result of the analysis, there is headroom of RON 8,493 and management did not identify an impairment for this CGU in 2023, nor in 2022.

Doors for residential buildings

The recoverable amount of doors for residential buildings CGU of RON 69,851 thousand was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 18.44% and cash flows beyond the five-year period are extrapolated using a 2,60% growth rate. As a result of the analysis, there is headroom of RON 5,158 thousand and management did not identify an impairment for this CGU in 2023.

Edged panels and fencing mesh

The recoverable amount of edged panels and fencing mesh CGU of RON 100,752 thousand was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 15.00% and cash flows beyond the five-year period are extrapolated using a 2.60% growth rate. As a result of the analysis, there is headroom of RON 3,118 and management did not identify an impairment for this CGU in 2023.

Electric cables

The recoverable amount of electric cables CGU of RON 112,269 thousand was determined based on a value in use calculation using cash flow projections from financial budgets

14. GOODWILL (CONTINUED)

approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 16.96% and cash flows beyond the five-year period are extrapolated using a 2.60% growth rate. As a result of the analysis, there is headroom of RON 6,077 thousand and management did not identify an impairment for this CGU in 2023.

Management has identified that reasonably possible change in the following key assumptions could cause carrying amount to exceed recoverable amount. The following table shows the amount by which these key assumptions would need to change individually for the estimated recoverable amount to equal the carrying amount.

2023	Amount by which value in use exceeds carrying amount (RON)	Increase required In discount rate (%)	Decrease in terminal value revenues (%)	Terminal value EBITDA decrease (%)
Fiberglass and fiberglass reinforcement (BICO)	3,426,000	0.40	(4)	(4.11)
Edged panels and fencing mesh (DIAL)	5,158,000	1.20	(8)	(7.60)
Varnishes, paints and decorative plasters (Evolor)	8,493,000	1.00	(10)	(10.60)
Electric cables (Electroplast)	6,077,000	0.70	(5)	(5.10)
Doors for residential buildings (EED)	3,118,000	0.50	(4)	(2.50)

2022	Amount by which value in use exceeds carrying amount (RON)	Increase required In discount rate (%)	Decrease in terminal value EBITDA (%)
Edged panels and fencing mesh (DIAL)	28,819,000	6.00	(38.00)
Varnishes, paints and decorative plasters (Evolor)	40,679,000	4.00	(24.00)
Doors for residential buildings (EED)	3,341,000	0.05	(2.60)

15. OTHER INTANGIBLE ASSETS

	Trademarks	Customer contracts	Licenses and other intangible assets	Total
Cost				
At 1 January 2022	**42,975,242**	**19,133,213**	**168,098**	**62,276,553**
Acquisition of subsidiary	17,284,439	19,368,864	13,998	36,667,301
Additions	-	-	239,741	239,741
Transfer	-	-	259,035	259,035
Disposals	-	-	(1,843)	(1,843)
At 31 December 2022	**60,259,681**	**38,502,077**	**679,029**	**99,440,787**
Acquisition of subsidiary	14,423,620	5,774,352	949,402	21,147,374
Additions	-	-	97,882	97,882
Disposals	-	-	(1,360)	(1,360)
At 31 December 2023	**74,683,301**	**44,276,429**	**1,724,953**	**120,684,683**
Accumulated amortisation and impairment				
At 1 January 2022	-	-	-	-
Amortisation	(2,652,891)	(1,436,113)	(110,707)	(4,199,711)
Impairment	-	-	1,843	1,843
At 31 December 2022	**(2,652,891)**	**(1,436,113)**	**(108,864)**	**(4,197,868)**
Amortisation	(3,373,575)	(2,092,316)	(181,075)	(5,646,966)
Disposals	-	-	741	741
At 31 December 2023	**(6,026,466)**	**(3,528,429)**	**(289,198)**	**(9,844,093)**
Carrying amount				
At 31 December 2023	**68,656,835**	**40,748,000**	**1,435,755**	**110,840,590**
At 31 December 2022	**57,606,790**	**37,065,964**	**570,165**	**95,242,919**

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Equipment and machinery	Fixtures and fittings	Asset under construction	Total
Cost or valuation					
As at 31 December 2021	**22,058,845**	**23,424,023**	**304,592**	**1,260,746**	**47,048,206**
Acquisition of subsidiary	20,500,837	25,140,595	579,288	10,854,339	57,075,059
Additions	17,144,839	3,332,586	244,248	12,409,379	33,131,052
Revaluation recognized in other comprehensive income	2,795,504	-	-	-	2,795,504
Transfer	4,066,464	7,912,990	6,255	(12,244,744)	(259,035)
Disposals	(581,478)	(725,058)	(1,680)	-	(1,308,216)
As at 31 December 2022	**65,985,011**	**59,085,136**	**1,132,703**	**12,279,720**	**138,482,570**
Acquisition of subsidiary	28,531,633	10,599,874	253,579	5,632,479	45,017,565
Revaluation recognized in other comprehensive income	6,228,338	11,856,792	220,133	-	18,305,263
Revaluation recognized in profit or loss account	(1,438,541)	-	(53,147)	-	(1,491,688)
Gross book value netted off against the accumulated depreciation at revaluation	(4,189,437)	(16,823,152)	(675,418)	-	(21,688,007)
Additions	2,712,424	10,309,069	490,632	16,678,582	30,190,707
Transfer	11,915,054	16,672,701	4,783	(28,702,999)	(110,461)
Disposals	(413,478)	(1,807,148)	(45,595)	-	(2,266,221)
As at 31 December 2023	**109,331,004**	**89,893,272**	**1,327,670**	**5,887,781**	**206,439,728**
Accumulated depreciation and impairment					
As at 31 December 2021	-	-	-	-	-
Depreciation expenses	(1,313,581)	(6,819,197)	(247,181)	-	(8,379,959)
Reduction of depreciation related to disposals	145,878	213,790	-	-	359,668
As at 31 December 2022	**(1,167,703)**	**(6,605,407)**	**(247,181)**	**-**	**(8,020,291)**
Depreciation expense	(3,058,408)	(11,282,129)	(469,900)	-	(14,810,437)
Impairment	35,777	(13,514)	-	-	22,263
Reduction of depreciation related to disposals	897	1,077,898	41,663	-	1,120,458
Accumulated depreciation netted of against gross book value at revaluation	4,189,437	16,823,152	675,418	-	21,688,007
As at 31 December 2023	-	-	-	-	-
Carrying amount					
At 31 December 2023	**96,036,165**	**102,997,663**	**1,518,119**	**5,887,781**	**206,439,728**
At 31 December 2022	**64,817,308**	**52,479,728**	**885,522**	**12,279,720**	**130,462,278**

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The balance as at 31 December 2023 of property, plant and equipment increased mainly as a result of ELP's acquisition.

At the end of 2023, all the subsidiaries have engaged an independent valuer authorized by ANEVAR to revalue all tangible assets existing at the end of the financial year. Thus, a uniform approach was applied across the Group.

According to the revaluation reports, the fair value of the assets was estimated by applying the following methods:

- income approach, the capitalization of rental income (MCV) method - for real estate properties;
- cost approach, net replacement cost (NRC) method - for goods without an active market, i.e. specialised equipment;
- market approach, direct comparison method (DCM) - for movable goods with an active market and for land plots related to the sites.

Due to successive revaluations and the history of the acquired companies in 2022 and 2023, it was not possible to determine the carrying amount at the fixed asset level.

17. INVESTMENTS IN ASSOCIATE

In October 2022, the Group acquired an effective ownership interest of 35% stake in Europlas Lux SRL ('Europlas'), which is involved in the production of fiberglass and fiberglass reinforcement in the Republic of Moldova. In 2022, the Group's interest in Europlas was accounted for using the equity method in the consolidated financial statements.

BICO had substantially no control over Europlas Lux as of year ended as at 31 December 2022 and therefore this was considered an associate for Roca Industry and not consolidated, as half of the shares were still controlled by the former shareholder.

In October 2023, the Group acquired the control of Europlas by purchasing an additional 25% stake, increasing its ownership to 60% (indirect effective ownership via its subsidiary Bico). For details related to purchase price and fair values of the identifiable assets and liabilities at the date of acquisition please refer to Note 13.

Loss on derecognition of investment in associate:	**RON**
Carrying amount of associate at 31 December 2022	1,070,610
Share of result during 2023 until acquisition of control	(206,065)
Carrying amount of associate before acquisition of control	864,545
Fair value at date control obtained	159,526
Carrying amount of associate before acquisition of control	(864,545)
Loss on derecognition of investment in associate:	**(705,019)**

17. INVESTMENTS IN ASSOCIATE (CONTINUED)

The following table illustrates the summarised financial information of the Group's investment in Europlas Lux SRL as at 31 December 2022:

	31 December 2022
Current assets	2,023,835
Non-current assets	511,547
Current liabilities	1,169,674
Non-current liabilities	333,526
Equity of the Company	**1,032,182**
Revenue	1,550,863
Profit from continuing activities	(142,043)
Profit from discontinued operations	-
Profit for the year since acquisition	**(142,043)**
Other comprehensive income	-
Total comprehensive income	**(142,043)**
Dividends received from associates	-

Reconciliation to carrying amounts:	31 December 2022
Net assets of association	1,032,182
Group's share in equity — 35 %	361,264
Goodwill	710,735
Other - effect of exchange differences	(1,389)
Group's carrying amount of the investment	**1,070,610**
Group's share of the result obtained in the period since acquisition	**(49,715)**
Net assets at acquisition	1,170,257
Group share in %	35%
Group share in RON	409,590
Cost of acquisition	1,120,325
Goodwill	710,735

18. INVENTORIES

	2023	2022
Raw materials and consumables	40,792,766	37,671,713
Finished goods	32,700,193	45,096,749
Goods for resale	5,958,539	4,769,768
Advances paid for raw materials acquisitions	2,344,418	3,897,065
Work in progress	637,285	-
Packaging materials	3,705,091	3,784,136
Other inventories	3,273,339	5,807,045
	89,411,631	**101,026,476**
Out of which, accumulated inventory write-down	(3,408,101)	(2,781,317)

19. TRADE RECEIVABLES

	31 December 2023	31 December 2022
Trade receivables from contracts with customers	76,831,812	23,581,424
Loss allowance trade receivables	(1,313,841)	(1,301,696)
	75,517,971	**22,279,728**

Movement in loss allowance:	2023	2022
Opening loss allowance at 1 January	**(1,301,696)**	**(1,085,428)**
Write-offs	114, 441	-
Increase in loss allowance recognised in profit or loss during the year	(207,950)	(71,775)
Loss allowance reversed	172,399	1,682,611
Acquisition of subsidiary	23,406	(1,827,104)
Closing loss allowance at 31 December	**(1,313,841)**	**(1,301,696)**
Receivables written off during the year as uncollectible	-	(1,321,937)
Movements during the year	(35,551)	1,610,836
Net effect in profit or loss during the year	**(35,551)**	**288,899**

20. OTHER CURRENT ASSETS

	31 December 2023	31 December 2022
Other receivables	2,892,396	3,330,361
Loss allowance other receivables	(640,087)	(640,087)
Financial assets at cost	**2,252,309**	**2,690,274**
Advances paid for services	259,150	90,644
Other receivable	-	1,277,954
VAT receivable	1,645,630	923,884
TOTAL OTHER CURRENT ASSETS	**4,157,089**	**4,982,756**

21. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash at bank and in hand	30,335,976	18,341,048
Deposits at call	8,165,751	24,093,512
Total unrestricted cash	**38,501,727**	**42,434,560**

	31 December 2023	31 December 2022
Cash account ESCROW purchase Terra	-	494,740
ANAF Debt Restricted Cash	-	-
Total restricted cash	**-**	**494,740**

The restricted cash outstanding on 31 December 2022 linked to the acquisition of TERRA was released in March 2023, provided that no tax, financial or other damage caused by the activities of TERRA has occurred by that date.

22. SHARE CAPITAL AND RESERVES

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Number	*Number*	*RON*	*RON*
Share capital				
Authorized ordinary shares	17,694,573	17,694,573	176,945,730	176,945,730

The nominal value of the shares is RON 10.

The paid-in subscribed capital consists of: RON 105.9 million, representing the paid-up subscribed capital, and RON 71 million, representing the contribution in-kind of 70% of the shares of Bico Industries SA.

Ownership structure:	Balance as at 31 December 2023			Balance as at 31 December 2022		
	No. of shares	Amount in RON	% total	No. of shares	Amount in RON	% total
Roca Investments SA	10,757,557	107,575,570	61%	10,757,557	107,575,570	61 %
Other	6,937,016	69,370,160	39 %	6,937,016	69,370,160	39 %
Total	**17,694,573**	**176,945,730**	**100 %**	**17,694,573**	**176,945,730**	**100 %**

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Revaluation reserve	Gains/losses arising on the revaluation of the group's property (other than investment property)
Other reserves	Translation reserves result from foreign exchange differences on assets and liabilities of non-resident companies.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognized elsewhere.

	Revaluation reserve
At 1 January 2022	-
Revaluation – gross	2,795,504
Deferred tax	(447,281)
Other comprehensive income	**2,348,223**
At 31 December 2022	**2,348,223**
Revaluation – gross	18,305,263
Deferred tax	(2,926,767)
Revaluation gain recorded in comprehensive income, net of tax	**15,378,496**
Non-controlling interests (NCI) share in revaluation – gross	(1,516,179)
Deferred tax	241,759
Revaluation gain attributable to shareholders of parent, net of tax	**14,104,076**

22. SHARE CAPITAL AND RESERVES (CONTINUED)

At the end of 2023, all the subsidiaries have engaged an independent valuer authorized by ANEVAR to revalue all tangible and intangible assets existing at the end of the financial year. Thus, a uniform approach was applied across the Group.

As at December 31, 2022 given the scope of the evaluation (Evolor real estate evaluation), the selection of the methodology was considered on a case-by-case basis, taking into account the particularities of the tangible fixed assets analysed. The fair value of the tangible fixed assets was estimated by applying the income approach, the rental income capitalization method (MCV). In the case of the site located in Mihaesti the allocation was made by deducting the market value of the land. In the case of the sites located in Timisoara and Cumpana the allocation was made by deducting the net replacement cost of the building.

23. NON-CONTROLLING INTERESTS

The financial information of subsidiaries with non-controlling interests is set out below:

Bico Industries SA	40%	30%
Terra Impex Termoizolare SRL	40%	30%
Terra Impex S.R.L.	40%	30%
Investiti Imobiliare SRL	40%	30%
Iranga	40%	-
Europlas	40%	-
Electroplast	0.000025%	-

Accumulated balances of non-controlling interest:

	31 December 2023	**31 December 2022**
Bico Industries SA	23,631,345	18,591,456
TERRA	(560,307)	(859,270)
Iranga	(147,378)	-
Europlas	(344,230)	-
Electroplast	(3)	-
	22,579,427	**17,732,186**

Balance on 1 January 2022	**19,989,893**
Non-controlling interests arising on acquisition	14,961,727
Share of the result for the year	889,411
Share of other comprehensive income	(55,088)
Non-controlling interests bought out	(16,692,175)
Payment of dividends	(1,361,580)
Balance as at 31 December 2022	**17,732,186**
Non-controlling interests arising on acquisition	(545,970)
Share of the result for the year	(1,736,390)
Share of other comprehensive income	1,629,260
Non-controlling interests sold out (Bico)	5,500,341
Payment of dividends	-
Balance as at 31 December 2023	**22,579,427**

23. NON-CONTROLLING INTERESTS (CONTINUED)

The financial information of subsidiaries with non-controlling interests is set out below:

	31 December 2023	31 December 2022
Carrying amount of non-controlling interests (sold)/acquired	(5,500,341)	16,692,177
Consideration received from/(paid) to non-controlling interests	10,541,889	(21,393,673)
Excess of consideration (paid)/received recognised in the transactions with non-controlling interests reserve within equity	**5,041,548**	**(4,701,496)**

Proportion of equity interest held by non-controlling interests:
On November 2022, based on the sale-purchase agreement of the shares of Eco Euro Doors (EED), by means of which Roca Industry acquired, through Doorsrock4 S.R.L., 70% of the share capital of EED, the former shareholders exercised the sale option (Put Option) they had, for the sale of the remaining 30% of the share capital of EED. Following the exercise of this option, Roca Industry, through Doorsrock4 S.R.L., acquired exclusive and unencumbered ownership of the remaining 169,305 shares, having a nominal value of RON 10 each. The price of the shares, was established on the basis of the provisions of the sale-purchase agreement, depending on the financial results obtained by the company in 2021, which resulted in a price of EUR 4.3 million. Based on the net identifiable assets allocated to NCI in amount RON 16,692,175 was derecognised for the 30% of share capital of EED.

The shareholding structure of Bico changed at the end of July 2023, when a share capital increase took place in total amount of RON 10.5 million. Following this, and the manner in which it was contributed, the minority shareholder increased its holding up to 40% of the share capital, while ROCA Industry ownership had been reduced from 70% to 60%.

Significant non-controlling interests:

The summarised financial information of the mainly subsidiaries that are not fully controlled is provided below. The amounts disclosed for each subsidiary are before inter-company eliminations.
The following information relates to Bico's financial position and performance:

Summarised balance sheet	**BICO**	
	31 December 2023	**31 December 2022**
Current assets	48,189,906	47,662,979
Non-current assets	99,575,950	95,595,759
Current liabilities	60,481,011	50,873,418
Non-current liabilities	28,206,482	30,413,798
Equity attributable to owners of the Company	**59,078,363**	**61,971,522**
Non-controlling interests	**23,631,345**	**18,591,456**

23. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised balance sheet	**BICO**	
	31 December 2023	**31 December 2022**
Current assets	48,189,906	47,662,979
Non-current assets	99,575,950	95,595,759
Current liabilities	60,481,011	50,873,418
Non-current liabilities	28,206,482	30,413,798
Equity attributable to owners of the Company	**59,078,363**	**61,971,522**
Non-controlling interests	**23,631,345**	**18,591,456**

Summarised statement of comprehensive income	**BICO**	
	31 December 2023	**31 December 2022**
Revenue	143,991,018	103,149,852
Expenses	(147,025,285)	(101,812,976)
(Loss)/ Profit for the year	(3,034,267)	1,336,876
Other comprehensive income	-	-
Total comprehensive income	**(3,034,267)**	**1,336,876**
(Loss)/ Profit allocated to non-controlling interests	(1,017,097)	401,063
Dividends paid to non-controlling interests	-	1,361,580

Summarised cash flows	**BICO**	
	31 December 2023	**31 December 2022**
Cash flows from/(used in) operating activities	17,250,174	(14,319,562)
Cash flows used in investing activities	(14,825,328)	(14,911,818)
Cash flows from financing activities	3,420,900	29,070,665
Net increase/(decrease) in cash and cash equivalents	**5,845,746**	**(160,715)**

The following information relates to Terra's financial position and performance:

Summarised balance sheet	**TERRA**	
	31 December 2023	**31 December 2022**
Current assets	4,513,348	4,604,487
Non-current assets	7,100,601	6,666,362
Current liabilities	9,411,911	9,308,957
Non-current liabilities	3,861,048	4,826,126
Equity attributable to owners of the Company	**(1,659,010)**	**(2,864,234)**
Non-controlling interests	**(560,306)**	**(859,270)**

23. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised statement of comprehensive income	TERRA	
	31 December 2023	31 December 2022
Revenue	41,178,643	32,176,622
Expenses	(40,703,127)	(30,180,623)
Profit for the year	377,827	1,995,999
Other comprehensive income	-	-
Total comprehensive income	**377,827**	**1,995,999**
Profit allocated to non-controlling interests	65,831	598,800
Dividends paid to non-controlling interests	-	-

Summarised cash flows	TERRA	
	31 December 2023	31 December 2022
Cash flows fromoperating activities	4,344,577	1,438,117
Cash flows used in investing activities	(3,701,767)	-
Cash flows used in financing activities	(1,323,290)	(4,123,214)
Net decrease in cash and cash equivalents	**(680,480)**	**(2,685,097)**

24. BORROWINGS

	31 December 2023	31 December 2022
Secured borrowing at amortised cost		
Bank loans	218,573,690	159,763,610
Bank Overdrafts	34,647,132	30,618,492
Unsecured borrowings at amortized cost		
Loans from related parties	14,928,882	9,894,800
	268,149,704	**200,276,902**
Non-current (> 1 year)	158,599,061	133,469,839
Current (<1 year)	109,550,643	66,807,063

Assets pledged as securities

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	31 December 2023	31 December 2022
Trade receivables	82,859,601	14,052,843
Inventories	86,398,425	72,208,085
Cash and cash equivalents	27,958,506	35,753,208
Total current assets pledged as security	**197,216,532**	**122,014,136**
Property, plant and equipment	176,595,353	105,617,347
Total non-current assets pledged as security	**176,595,353**	**105,617,347**
Total assets pledged as security	**373,811,885**	**227,631,483**

Furthermore, the shares of Evolor, Eco Euro Doors and Dial are pledged as security in favour of the banks which provided the loans.

24. BORROWINGS (CONTINUED)

Compliance with loan covenants

At the end of 2023, EED and Dial did not comply with the financial covenants stipulated in the LBO loan agreements (such as leverage and DSCR) and obtained bank waivers for failing to meet banking indicators.

According to the contractual conditions, depending on the degree of non-compliance of financial covenants, the bank requests the blocking of certain amounts in an account at the Bank's disposal, which will be released when the company will meet the banking indicators; repayment on demand is not triggered.

The Group companies have complied with the financial covenants of its borrowing facilities during 2022 reporting period.

24. BORROWINGS (CONTINUED)
CURRENT BORROWINGS

Subsidiary	Counterparty	Interest rate	Maturity	31 December 2023	31 December 2022
Evolor S.R.L	Banca Transilvania	2.75% + 3M EURIBOR	26.05.2029	5,202,870	5,270,554
Evolor S.R.L.	Banca Transilvania	2% + 3M ROBOR	26.05.2029	1,177,500	-
Bico Industries S.A.	Banca Transilvania	2.2% + 6M ROBOR	02.08.2024	317,334	476,000
Bico Industries S.A.	Banca Transilvania	2.5% + 3M ROBOR	14.07.2023	-	514,706
Bico Industries S.A.	Banca Transilvania	2.25 + 6M ROBOR	19.07.2024	-	3,237,953
Bico Industries S.A.	Banca Transilvania	2% + 6M ROBOR	10.08.2026	504,000	504,000
Bico Industries S.A.	Banca Transilvania	2,5% + ROBOR 3M	17.08.2026	1,098,243	-
Bico Industries S.A.	Banca Transilvania	2% + 3M ROBOR	10.08.2024	356,129	356,129
Bico Industries S.A.	Unicredit Bank	2.5% + 3M ROBOR	02.07.2024	1,820,524	1,924,524
Bico Industries S.A.	Unicredit Bank	2.5% + 3M EURIBOR	02.07.2024	16,167,450	16,079,050
Bico Industries S.A.	Unicredit Bank	1.8% + 3M ROBOR	26.10.2027	453,094	429,915
Bico Industries S.A.	Unicredit Bank	2.2% + 1M EURIBOR	02.07.2024	9,934,598	4,046,703
Bico Industries S.A.	Credit Europe Bank	2% + 3M ROBOR	15.03.2024	2,360,144	5,330,262
Bico Industries S.A.	Credit Europe Bank	2.25% + 3M ROBOR	15.09.2026	293,543	264,614
Terra Impex S.R.L.	Moldova-Agroindbank	4%	08.02.2030	438,929	2,595,978
Terra Impex S.R.L.	Moldova-Agroindbank	4%	20.11.2024	2,175,890	-
Terra Impex S.R.L.	Moldova-Agroindbank	4%	19.09.2025	1,706,288	-
ECO Euro Doors S.R.L.	RAIFFEISEN BANK	2.2% + 3M EURIBOR	31.07.2029	6,807,800	783,731
ECO Euro Doors S.R.L.	RAIFFEISEN BANK	2.2% + 3M EURIBOR	31.07.2029	-	705,358
ECO Euro Doors S.R.L.	RAIFFEISEN BANK	1,50 % + 3M ROBOR	31.07.2023	-	5,000,000
ECO Euro Doors S.R.L.	RAIFFEISEN BANK	1.01 % + 1M ROBOR	15.10.2023	-	2,074,582
Doorsrock4 S.R.L.	RAIFFEISEN BANK	2.3% + 3M EURIBOR	31.07.2029	-	2,461,755
Nativerock1 S.R.L.	Banca Transilvania	3% + 3M EURIBOR	20.09.2030	3,432,474	715,950
Dial SRL	Banca Transilvania	2.75% + 3M EURIBOR	20.09.2030	1,259,145	4,140,499
Roca Industry Holding Rock1 SA	ROCA Investments S.A.	3% + 1M EURIBOR	14.12.2023	-	4,947,400
Roca Industry Holding Rock1 SA	ROCA Investments S.A.	3,2% + 1M EURIBOR	03.04.2024	4,974,600	-
Roca Industry Holding Rock1 SA	ROCA Investments S.A.	3,2% + 1M EURIBOR	30.08.2024	5,969,520	-
Roca Industry Holding Rock1 SA	ROCA Investments S.A.	3,2% +1M EURIBOR	31.01.2024	1,000,000	-
Bico Industries S.A.	First Bank	2,65% + 3M EURIBOR	02.11.2028	1,277,440	-
Bico Industries S.A.	BRD	2% + 3M ROBOR	18.10.2024	3,002,271	-
Electroplast S.A.	CEC BANK	1,35 % + 1M ROBOR	11.07.2024	32,061,420	-
Electroplast S.A.	CEC BANK	3,0% + 3M EURIBOR	12.07.2025	1,362,145	-
Electroplast S.A.	CEC BANK	3,0% + 3M EURIBOR	12.07.2028	755,604	-
Electroplast S.A.	CEC BANK	3,0% + 6M EURIBOR	12.07.2028	523,858	-
Electroplast S.A.	HP	11%	01.04.2026	133,070	-
Bico Industries S.A.	Mihai Birliba	4%	31.10.2024	2,984,760	4,947,400
Total				**109,550,643**	**66,807,063**

24. BORROWINGS (CONTINUED)
BORROWINGS NON - CURRENT

Subsidiary	Counterparty	Interest rate	Maturity	31 December 2023	31 December 2022
Evolor S.R.L.	Banca Transilvania	2.75% + 3M EURIBOR	26.05.2029	36,988,512	42,028,041
Evolor S.R.L.	Banca Transilvania	2% + 3M ROBOR	26.05.2029	7,054,637	-
Bico Industries S.A.	Banca Transilvania	2.2% + 6M ROBOR	02.08.2024	-	317,334
Bico Industries S.A.	Banca Transilvania	2% + 6M ROBOR	10.08.2026	840,000	1,344,000
Bico Industries S.A.	Banca Transilvania	2.5% + 3M ROBOR	17.08.2024	-	1,500,000
Bico Industries S.A.	Banca Transilvania	2% + 3M ROBOR	10.08.2027	949,677	1,305,806
Bico Industries S.A.	Unicredit Bank	1.8% + 3M ROBOR	26.10.2027	1,283,774	1,648,015
Bico Industries S.A.	Credit Europe Bank	2.25% + 3M ROBOR	15.09.2026	589,966	887,974
Terra Impex S.R.L.	Moldova-Agroindbank	4%	08.02.2030	4,438,936	4,826,128
Eco Euro Doors S.R.L.	BANK RAIFFEISEN	2.2% + 3M EURIBOR	31.07.2029	46,850,076	8,097,504
Eco Euro Doors S.R.L.	RAIFFEISEN BANK	2.2% + 3M EURIBOR	31.07.2029	-	7,287,753
Eco Euro Doors S.R.L.	RAIFFEISEN BANK	2,3% + 3M EURIBOR	31.07.2029	2,552,437	-
Doorsrock4 S.R.L.	RAIFFEISEN BANK	2,3 % + 3M EURIBOR	31.07.2029	-	26,192,436
Nativerock1 S.R.L.	Banca Transilvania	3% + 3M EURIBOR	20.09.2030	30,034,148	31,133,922
Dial SRL	Banca Transilvania	2.75% + 3M EURIBOR	20.09.2030	7,730,860	6,900,926
Bico Industries S.A.	First Bank	2,65% + 3M EURIBOR	02.11.2028	4,983,923	-
Electroplast S.A.	CEC BANK	2,75% + 3M ROBOR	12.07.2025	8,186,711	-
Electroplast S.A.	CEC BANK	3,0% + 3M EURIBOR	12.07.2028	2,859,513	-
Electroplast S.A.	CEC BANK	3,0% + 6M EURIBOR	12.07.2028	3,094,929	-
Electroplast S.A.	HP	11%	04.01.2026	160,962	-
Total				**158,599,061**	**133,469,839**

25. LEASES

Amounts recognized in the consolidated statement of financial position:

Right-of-use assets	**Rights of use: Land**	**Rights of use: Buildings**	**Rights of use: Equipment**	**Rights of use: Vehicles**	**Total**
Cost					
At 1 January 2022	**-**	**-**	**-**	**523,302**	**523,302**
Additions	622,713	490,699	-	2,268,124	3,381,536
Acquisition of subsidiary	-	-	3,194,539	944,353	4,138,892
Disposals	-	-	-	(38,095)	(38,095)
At 31 December 2022	**622,713**	**490,699**	**3,194,539**	**3,697,684**	**8,005,635**
Additions	-	256,178	3,117,847	2,778,398	6,152,423
Acquisition of subsidiary	-	3,255,965	1,837,663	393,177	5,486,805
Disposals	-	(84,080)	(187,900)	(787,224)	(1,059,204)
At 31 December 2022	**622,713**	**3,918,762**	**7,962,149**	**6,082,035**	**18,585,659**
Accumulated depreciation					
At 1 January 2022	**-**	**-**	**-**	**(10,680)**	**(10,680)**
Acquisition of subsidiary	-	-	(216,789)	(375,959)	(592,748)
Depreciation	(37,513)	(198,347)	(28,053)	(508,868)	(772,781)
Disposals	-	-	-	-	-
At 31 December 2022	**(37,513)**	**(198,347)**	**(244,842)**	**(895,507)**	**(1,376,209)**
Acquisition of subsidiary	-	-	-	-	-
Depreciation	(45,016)	(749,201)	(1,000,679)	(1,192,155)	(2,987,051)
Disposals	-	66,956	148,507	216,965	432,428
At 31 December 2022	**(82,529)**	**(880,592)**	**(1,097,014)**	**(1,870,697)**	**(3,930,832)**
Carrying amount					
At 31 December 2023	**540,184**	**3,038,170**	**6,865,135**	**4,211,338**	**14,654,827**
At 31 December 2022	**585,200**	**292,352**	**2,949,697**	**2,802,177**	**6,629,426**

The average lease term is 4 years (2022: 4 years).

25. LEASES (CONTINUED)

Lease liabilities

Maturity analysis:	**31 December 2023**	**31 December 2022**
Present value of lease liabilities	**12,745,534**	**5,694,389**
Out of which:		
not later than 3 months	1,106,016	537,418
later than 3 months and not later than 1 year	3,099,232	1,437,302
later than 1 year and not later than 5 years	8,166,619	3,294,316
later than 5 years	373,667	425,353
Less: unearned interest	**(1,265,572)**	**(394,001)**
Total	**11,479,962**	**5,300,388**
Analysed as follows:		
- Current	2,902,105	1,802,308
- Non-current	8,577,857	3,498,080

Amounts recognized in the profit and loss account

	2023	**2022**
Depreciation expense on right-of-use assets	(2,987,051)	(772,781)
Interest expenses on lease liabilities	(366,795)	(71,915)
Expense relating to variable lease payments	(223,786)	(63,666)
Expense relating to short-term and low value leases	(204,308)	(613,346)

26. TRADE AND OTHER PAYABLES

	31 December 2023	**31 December 2022**
Trade payables	52,789,135	26,285,834
Accrued expenses	2,404,983	1,827,346
Interest payable on related parties loans	759,412	171,397
Interest payable	1,096,862	571,354
Other liabilities	2,490,031	1,205,189
Trade and other payables	**59,554,443**	**30,061,120**
Dividends payables to non-controlling interests	-	1,293,501
Contract liabilities	2,208,854	413,402
VAT payable	-	624,240
Other taxes to State budget	287,804	369,384
	62,051,101	**32,761,647**

27. GOVERNMENT GRANTS

	2023	**2022**
At 1 January	5,582,449	3,589,391
Received during the year	603,525	2,735,016
Recognized to the statement of profit or loss account	(996,881)	(741,958)
At 31 December	**5,189,093**	**5,582,449**
- current	2,489,781	996,007
- non-current	2,699,312	4,586,442

Government and/or European Union subsidies are used for the acquisition of tangible assets. There are no unfulfilled conditions or contingencies attached to these grants.

In 2022, the amount received regarding the governments grants represents only 0.1 million RON actually collected, the difference in amount of 2.6 million RON represents the balance taken over with the acquisition of EED.

28. DEFERRED TAX

Deferred tax assets

	31 December 2023	31 December 2022
The balance comprises temporary differences attributable to:		
Trade and other receivables	277,617	195,138
Property, plant and equipment	256,347	-
Inventories	332,211	440,387
Trade and other liabilities	580,794	341,130
Lease liabilities	1,468,737	478,234
Total deferred tax assets	**2,915,706**	**1,454,889**

Deferred tax liabilities

	31 December 2023	31 December 2022
The balance comprises temporary differences attributable to:		
Property, plant and equipment	2,926,767	2,573,954
Intangible assets	17,515,742	15,158,610
Borrowings	1,142,442	-
Right-of-use assets	1,489,832	477,272
Total deferred tax liabilities	**23,074,783**	**18,209,836**
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,915,706)	(1,454,889)
Net deferred tax liabilities	**20,159,077**	**16,754,947**

The tax rates applied differ, depending on the residence country, Romania, the Republic of Moldova and Lithuania.

In Romania, the tax rate is 16%, in the Rep. Moldova's tax rate is 12% and in Lithuania is 15%.

Reconciliation (DTL)/DTA, net	2023	2022
At 1 January	**(16,754,947)**	**(10,502,320)**
Tax income recognised in profit or loss	1,215,782	1,461,911
Tax expense recognised in other comprehensive income	(2,926,767)	(447,281)
Acquisition of subsidiary	(1,693,145)	(7,267,257)
At 31 December	**(20,159,077)**	**(16,754,947)**

Movements	**Trade other receivables**	**Inventories**	**Trade and other payables**	**Lease liabilities**	**Property, plant and equipment**	**Total**
At 1 January 2022	**171,403**	**25,291**	**37,964**	**81,943**	**-**	**316,601**
(Charged)/credited						
- to profit or loss	(180,901)	413,656	303,166	396,291	-	932,212
- to other comprehensive income	-	-	-	-	-	-
Acquisition of subsidiary	204,636	1,440	-	-	-	206,076
At 31 December 2022	**195,138**	**440,387**	**341,130**	**478,234**		**1,454,889**

28. DEFERRED TAX (CONTINUED)

Movements	**Trade other receivables**	**Inventories**	**Trade and other payables**	**Lease liabilities**	**Property, plant and equipment**	**Total**
(Charged)/credited						
- to profit or loss	67,913	(178,680)	239,664	225,600	(2,372,699)	(2,018,202)
- to other comprehensive income	-	-	-	-	-	-
Acquisition of subsidiary	14,566	70,504	-	764,903	2,629,046	3,479,019
At 31 December 2023	**277,617**	**332,211**	**580,794**	**1,468,737**	**256,347**	**2,915,706**

Movements	**Property, plant and equipment**	**Intangible assets**	**Right-of-use assets**	**Borrowings**	**Total**
At 1 January 2022	**(784,922)**	**(9,951,979)**	**(82,020)**	**-**	**(10,818,921)**
(Charged)/credited					
- to profit or loss	267,054	657,897	(395,252)	-	529,699
- to other comprehensive income	(447,281)	-	-	-	(447,281)
Acquisition of subsidiary	(1,608,805)	(5,864,528)	-	-	(7,473,333)
At 31 December 2022	**(2,573,954)**	**(15,158,610)**	**(477,272)**	**-**	**(18,209,836)**
(Charged)/credited					
- to profit or loss	2,573,954	874,544	(214,514)	-	3,233,984
- to other comprehensive income	(2,926,767)	-	-	-	(2,926,767)
Acquisition of subsidiary	-	(3,231,676)	(798,046)	(1,142,442)	(5,172,164)
At 31 December 2023	**(2,926,767)**	**(17,515,742)**	**(1,489,832)**	**(1,142,442)**	**(23,074,783)**

29. FINANCIAL INSTRUMENTS — RISK MANAGEMENT

General risk management framework

The Parent's Board of Directors has overall responsibility for establishing and overseeing the risk management framework at each Group company level. The Group's risk management policies are defined in such a way as to ensure the identification and analysis of the risks faced by the Group, the establishment of appropriate limits and controls, and the monitoring of risks and compliance with established limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities.

The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Main financial instruments

The main financial instruments used by the Group, resulting from the risk of the financial instrument, are the following:

- Bank loans with variable rate;
- Liabilities from acquisition of subsidiaries;
- Trade and other payables;
- Trade receivables;
- Cash and cash equivalents.

29. FINANCIAL INSTRUMENTS - RISK MANAGEMENT(CONTINUED)

Financial instruments by category

Assets	31 December 2023	31 December 2022
	RON	RON
Non-current financial assets	34,800	41,208
Cash and cash equivalents	38,501,727	42,434,560
Trade receivables	75,517,971	22,279,728
Other current financial assets	4,157,089	5,477,496
	118,211,587	**70,232,992**

Liabilities	31 December 2023	31 December 2022
	RON	RON
Borrowings	268,149,704	200,276,902
Liabilities from acquisition of subsidiaries	68,758,901	30,057,910
Lease liabilities	11,479,962	5,300,388
Trade and other payables	67,633,366	36,232,849
	416,021,933	**271,868,049**

All financial assets and liabilities are measured at amortized cost.

Due to the short-term nature, the carrying amount of cash and cash equivalents, trade receivables and other receivables as well as commercial and other liabilities, is close to their fair value.

The company's management estimated that the carrying amount of the borrowing is close to the fair value, as 90% of the bank loans were obtained at a variable interest rate.

Risk management

i) Market risk

a. Foreign exchange risk management

The Group is exposed to foreign exchange risk due to the fact that most of the borrowings are in EUR. The Group constantly monitors and manages the exposure to exchange rate variations. Roca Industry's subsidiaries have increased their export sales from 2022 onwards, so part of the trade receivables are linked to EUR, which is a natural hedge. The accounting value of the Group's monetary assets and liabilities denominated in foreign currencies at the reporting date was as follows:

Liabilities	31 December 2023				
	RON	EUR	USD	MLD	Total
Borrowings	111,032,132	157,117,572	-		268,149,704
Liabilities from acquisition of subsidiaries	56,412,776	12,346,125	-		68,758,901
Finance lease	29,624	11,383,442	-	66,896	11,479,962
Trade and other payables	15,520,769	41,219,705	8,482,887	2,410,005	67,633,366
	182,995,301	**222,066,844**	**8,482,887**	**2,476,901**	**416,021,933**

29. FINANCIAL INSTRUMENTS - RISK MANAGEMENT(CONTINUED)

Assets	**31 December 2023**				
	RON	**EUR**	**USD**	**MLD**	**Total**
Cash and cash equivalents	16,229,254	21,894,118	156,924	221,431	38,501,727
Trade receivables	70,473,520	5,044,451	-	-	75,517,971
Other current financial assets	3,710,515	3,233	-	478,141	4,191,889
	90,413,289	**26,941,802**	**156,924**	**699,572**	**118,211,587**
Net balance assets/(liabilities)	**(92,582,012)**	**(195,125,042)**	**(8,325,963)**	**(1,777,329)**	**(297,810,346)**

Liabilities	**31 December 2022**				
	RON	**EUR**	**USD**	**MLD**	**Total**
Borrowings	35,281,974	164,994,928	-	-	200,276,902
Liabilities from acquisition of subsidiaries	-	30,057,910	-	-	30,057,910
Finance lease	105,111	5,188,574	-	6,703	5,300,388
Trade and other payables	13,961,189	20,805,520	-	1,466,140	36,232,849
	49,348,274	**221,046,932**	**-**	**1,472,843**	**271,868,049**

Assets	**31 December 2022**				
	RON	**EUR**	**USD**	**MLD**	**Total**
Cash and cash equivalents	38,993,460	3,799,903	17,497	118,440	42,929,300
Trade receivables	17,305,602	4,974,126	-	-	22,279,728
Other current financial assets	1,613,449	1,855,503	832,873	722,139	5,023,964
	57,912,511	**10,629,532**	**850,370**	**840,579**	**70,232,992**
Net balance assets/(liabilities)	**8,564,237**	**(210,417,400)**	**850,370**	**(632,264)**	**(201,635,057)**

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	2023	**2022**
Net foreign exchange gains/(losses)	(1,396,383)	(1,226,935)

Analysis of the sensitivity of the exchange rate.

An appreciation/(depreciation) of the EUR compared to the RON, would increase/(decrease) the profit or loss by the amounts shown below:

	2023			
	10 %	**-10 %**	**10 %**	**-10 %**
	EUR	**EUR**	**USD**	**USD**
Liabilities	(22,208,470)	22,208,470	(848,326)	848,326
Less: Income tax	(3,553,355)	3,553,355	(135,732)	135,732
Profit or loss	(18,655,115)	18,655,115	(712,594)	712,594
Assets	2,694,397	(2,694,397)	15,693	(15,693)
Less: Income tax	431,103	(431,103)	2,511	(2,511)
Profit or loss	2,263,294	(2,263,294)	13,182	(13,182)
Net profit/(loss)	**(16,391,821)**	**16,391,821**	**(699,412)**	**699,412**

29. FINANCIAL INSTRUMENTS - RISK MANAGEMENT(CONTINUED)

	2022			
	10 %	-10 %	10 %	-10 %
	EUR	EUR	USD	USD
Liabilities	(22,102,906)	22,102,906	-	-
Less: Income tax	(3,536,465)	3,536,465	-	-
Profit or loss	(18,566,441)	18,566,441	-	-
Assets	1,062,867	(1,062,867)	85,044	(85,044)
Less: Income tax	170,059	(170,059)	13,607	(13,607)
Profit or loss	892,808	(892,808)	71,437	(71,437)
Net profit/(loss)	**(17,673,633)**	**17,673,633**	**71,437**	**(71,437)**

b. Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	31 December 2023	% of total loans	31 December 2022	% of total loans
Variable rate borrowings	256,110,869	95%	187,907,396	94%
Fixed rate borrowings – repricing or maturity dates:				
Less than 1 year	7,438,937	3%	4,947,400	2%
1 - 5 years	4,599,898	2%	7,422,106	4%
Over 5 years	-		-	
	268,149,704	**100%**	**200,276,902**	**100%**

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Effect on profit before tax	
	2023	2022
Interest rates - increase by 70 basis points	(1,792,776)	(1,315,352)
Interest rates - decrease by 70 basis points	1,792,776	1,315,352

c. Price risk

Price risk is the risk that the Group's future revenues will be adversely impacted by changes in the purchase price of raw materials and materials needed for production. The Group constantly analyses the evolution of purchase prices and takes measures to ensure that there is enough supply and to cover costs through sales prices.

ii) Credit risk management

Credit risk consists in the possibility that the contracting parties violate their contractual obligations, leading to financial losses for the Group. The Group is exposed to credit risk arising from its operational activity, mainly from the collection of trade receivables. Regarding

29. FINANCIAL INSTRUMENTS - RISK MANAGEMENT(CONTINUED)

cash and cash equivalents, the Group analysed the credit risk and determined that it is not significant.

Receivables

Trade receivables come mostly from key accounts, i.e. large building material retail chains in Romania and abroad. Exposure to credit risk is controlled by the permanent monitoring of each debtor. The Group constantly evaluates its credit risk, taking into account financial performance, payment history and, when necessary, requests default risk insurance.

The balance of receivables is monitored at the end of each month and any major delay to a customer is analysed.

The credit risk profile of trade receivables is presented based on their maturity as per the loss allowance matrix. This matrix is initially based on the observed historical default rates of the Group, adjusted with prospective factors specific to debtors and the economic environment, when appropriate. Trade receivables are not interest-bearing and have, in general, payment terms ranging from advance payment to 100 days.

The methodology used by the Group to measure expected losses of trade receivables may be described as follows:

- determining an appropriate watch period for tracking the historical loss rate. The Group selected 2 previous periods for data collection;
- collecting data on trade receivables and grouping them according to their maturity status in each analysed period and by main activities;
- analysing the evolution of these balances over a period of 12 months and determining the unpaid amounts from each outstanding group in order to determine the proportion of balances from each due category that was not collected in the end;
- determining the weighted average rate of losses (%) depending on the maturity status for the 2 analysed periods;
- application of the loss rate thus determined on trade receivables at 31 December 2023, respectively 31 December 2022.

The following table presents the risk profile of trade and other receivables based on the Group's loss allowance matrix.

As at December 31, 2023

	Gross value	Bad debt allowance	Net trade receivables
Not overdue	64,439,328	-	64,439,328
Overdue 0-30 days	8,700,925	-	8,700,925
Overdue 30-60 days	906,008	-	906,008
Overdue 60-90 days	629,839	(2,182)	627,657
Overdue 90-180 days	446,206	(7,630)	438,576
Overdue 180-360 days	140,588	(11,930)	128,658
Overdue more than 360 days	1,568,918	(1,292,099)	276,819
Total trade receivables	**76,831,812**	**(1,313,841)**	**75,517,971**

29. FINANCIAL INSTRUMENTS - RISK MANAGEMENT(CONTINUED)

As at December 31, 2022

	Gross value	Bad debt allowance	Net trade receivables
Not overdue	18,765,705	-	18,765,705
Overdue 0-30 days	1,783,898	-	1,783,898
Overdue 30-60 days	1,002,214	-	1,002,214
Overdue 60-90 days	201,143	-	201,143
Overdue 90-180 days	408,258	-	408,258
Overdue 180-360 days	89,856	-	89,856
Overdue more than 360 days	1,330,350	(1,301,696)	28,654
Total trade receivables	**23,581,424**	**(1,301,696)**	**22,279,728**

To reconcile the variation between the opening balance and the closing balance of loss allowances of trade receivables, see note 19.

iii) Liquidity risk management

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they become due.

The Group's approach to liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to pay its debts when they become due. To counteract this risk factor, the management applied restrictive policies for the delivery of products to uncertain customers, requested in certain cases advance payment of the delivered products and made a careful selection of new customers based on their credit worthiness and financial discipline.

Trade receivables and payables and other current payables are not interest-bearing, therefore their carrying amount is similar to their contractual value. The situation of assets and receivables according to maturity is presented below:

31-Dec-23	**Less than 3 months**	**From 3 months to 1 year**	**1-5 years**	**> 5 years**	**Total contractual value**
Liabilities					
Borrowings	-	109,550,643	67,464,867	91,134,194	268,149,704
Liabilities from acquisition of subsidiaries	68,758,901	-	-	-	68,758,901
Trade and other payables	67,633,366	-	-	-	67,633,366
Leasing	1,106,016	3,099,232	8,166,619	373,667	12,745,534
Total	**137,498,283**	**112,649,875**	**75,631,486**	**91,507,861**	**417,287,505**
Assets					
Cash and cash equivalents	38,501,727	-	-	-	38,501,727
Trade and other receivables	79,675,060	-	-	-	79,675,060
Total	**118,176,787**	**-**	**-**	**-**	**118,176,787**
Net assets/(liabilities)	**(19,321,496)**	**(112,649,875)**	**(75,631,486)**	**(91,507,861)**	**(299,110,718)**

29. FINANCIAL INSTRUMENTS - RISK MANAGEMENT(CONTINUED)

31-Dec-22	Less than 3 months	From 3 months to 1 year	1-5 years	> 5 years	Total contractual value
Liabilities					
Borrowings	-	66,807,063	19,609,427	113,860,412	200,276,902
Liabilities from acquisition of subsidiaries	30,057,910	-	-	-	30,057,910
Trade and other payables	36,232,849	-	-	-	36,232,849
Leasing	537,418	1,437,303	3,294,227	425,353	5,694,301
Total	**66,828,177**	**68,244,366**	**22,903,654**	**114,285,765**	**272,261,962**
Assets					
Cash and cash equivalents	42,434,560	-	-	-	42,434,560
Trade and other receivables	27,757,224	-	-	-	27,757,224
Total	**70,191,784**	**-**	**-**	**-**	**70,191,784**
Net assets/(liabilities)	**3,363,607**	**(68,244,366)**	**(22,903,654)**	**(114,285,765)**	**(202,070,178)**

At the beginning of 2024, the company completed the share capital increase, converting into shares the debt that Roca Industry had towards Roca investments in the amount of RON 56,412,770. This amount is presented as at 31.12.2023 in Liabilities from acquisition of subsidiaries (for further details please see also Note 13 Business combinations). Additionally, also in the process of increasing the share capital, the company received 15,313,720 lei as a result of the new shares issued. These aspects, as well as those related to the operational activity of the companies, by which the management expects an optimization of the cash flow demonstrate that it will fullfil its commitments in the coming period. Also, from the amount of borrowing, the amount of 14,928,880 lei is related to Roca Investment (11,944,120 lei) and NCI (Mihai Birliba - 2,984,760 lei). Roca Industry has the financial support of its parent Roca Investments.

For future plans of the Group please see note 2.1 (Going concern) and note 35 Subsequent Events.

30. CAPITAL MANAGEMENT

The Group's objective related to capital management refers to maintaining the ability to continue its activity with the aim of providing compensation to shareholders and benefits to other interested parties and to maintain an optimal capital structure.

The Group monitors capital based on the degree of indebtedness, calculated as net debt divided by total capital.

Net debt = total loans (current and long-term loans) minus cash and cash equivalents.

Total capital = equity plus net debt.

30. CAPITAL MANAGEMENT

Gearing ratio

		31 December 2023	31 December 2022
Cash and cash equivalents	1,	38,501,727	42,434,560
Borrowings	2,	268,149,704	200,276,902
Lease liabilities	3,	11,479,962	5,300,388
Net debt/(asset)	4=2+3-1	**241,127,939**	**163,142,730**
Total equity	5,	183,598,920	178,650,973
Net debt to equity ratio	4/5*100	**131%**	**91 %**

Loan contracts

Under the terms of the major borrowing facilities, the Group companies are required to comply with the several financial covenants. Mainly all subsidiaries complied with these covenants throughout the reporting period, except for two companies (Dial and EED), but obtained bank exemptions for failing to meet banking indicators.

Dividends

No dividends were distributed to the owners of the parent company during the reporting periods.

31. RELATED PARTIES

Parent entity:

The group is controlled by:

			Ownership interest	
Name	**Type**	**Place of incorporation**	**31 December 2023**	**31 December 2022**
Roca Investments SA	Immediate parent entity	Romania	61%	61 %

Subsidiaries:
Interests in subsidiaries are set out in note 1.

Key management personnel compensation:

	2023	2022
Short-term employee benefits	12,739,395	7,736,531

No other types of compensation are granted to key management personnel.

Loans from related parties:

Loans from parent entity	2023	2022
Beginning of the year	4,947,400	-
Loans received	11,879,980	12,247,400
Loan repayments	(4,938,200)	(7,300,000)
Foreign exchange impact	54,940	-
End of year	**11,944,120**	**4,947,400**

31. RELATED PARTIES(CONTINUED)

Loans from other related parties (Mihai Birliba – former majority shareholder of Bico)	2023	2022
Beginning of the year	**4,947,400**	**6,750,862**
Loans received	5,824,060	4,947,400
Repayments of loans	(7,786,700)	(6,750,862)
End of year	**2,984,760**	**4,947,400**

Interest payable	2023	2022
Beginning of the year	**171,397**	**285,251**
Interest expense	566,914	275,700
Foreign exchange impact	2,160	
Interest paid	-	(389,554)
End of year	**740,471**	**171,397**

Other balances with related parties

	31 December 2023	31 December 2022
Dividends payable to non-controlling interests	-	1,293,501
Receivables from BICO ENTREPRISE S,R,L,* (formerly Astoria Service SRL)	-	26,704
Other payables to related parties	-	372,824

**Entity controlled by key management personnel*

Other transactions with related parties

	2023	2022
Expenses with related parties	-	372,824
Revenue from BICOENTREPRISES.R.L. (formerly Astori aService SRL)	-	73,775

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes				
	1 ian-23	Financing cash flows	Acquisition of subsidiary	New leases	Other changes	Foreign exchange impact	31-Dec-23
Bank loans (note 24)	190,382,104	23,164,816	38,898,463	-	-	775,440	253,220,822
Loans from related parties (note 31)	9,894,800	4,979,540	-	-	-	54,542	14,928,882
Lease liabilities (note 25)	5,300,388	(4,488,967)	-	10,580,024	-	88,517	11,479,962
Total liabilities from financing activities	**205,577,292**	**23,655,389**	**38,898,463**	**10,580,024**	**-**	**918,499**	**279,629,666**

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

			Non-cash changes				
	1 ian-22	Financing cash flows	Acquisition of subsidiary	New leases	Other changes	Foreign exchange impact	31-Dec-22
Bank loans (note 24)	63,579,635	88,618,404	38,116,958	-	-	67,105	190,382,102
Loans from related parties (note 31)	6,750,862	3,143,938	-	-	-	-	9,894,800
Lease liabilities (note 25)	512,145	(1,333,146)	2,706,032	3,343,441	71,916	-	5,300,388
Total liabilities from financing activities	**70,842,642**	**90,429,196**	**40,822,990**	**3,343,441**	**71,916**	**67,105**	**205,577,290**

33. COMMITMENTS AND CONTINGENCIES

Commitments

Most of the commitments are at the level of Roca Industry subsidiaries:

- Dial, EED and Evolor to comply with financial covenants such as leverage and DSCR;
- On 31.12.2023 Dial and EED obtained bank exemptions for failing to meet banking indicators.

As at 31 December 2023, Roca Industry has issued a corporate guarantee to First Bank for the loan granted to its subsidiary, Bico Industries, in the amount of RON 1,280,000.

Taxation

All amounts owed to the State for taxes have been paid or recorded at the balance sheet date. The tax system in Romania is undergoing consolidation and harmonization with European legislation, and there can be different interpretations by the tax authorities in connection with tax law that may give rise to additional taxes and penalties. In cases when the state authorities identify non-compliances with or violations of the Romanian laws, the following may occur: seizure of the amounts concerned, imposing additional tax liabilities, fines, penalties for delays (applied to the remaining amounts payable). Therefore, tax sanctions arising from violations of the law can lead to significant amounts payable to the State.

The Group companies consider that it has paid all fees, taxes, penalties and penalty interests on time and in full, to the extent it was applicable.

In Romania, tax periods are open for audits for a period of 5 years.

Geopolitical tensions

The invasion of Ukraine by the Russian Federation and the development of the conflict with global impact could have a significant impact on companies with physical operations in Ukraine, Russia and Belarus, as well as on entities with indirect interests (e.g. those with clients and suppliers, investments and creditors with operations in these countries). Also, the sanctions imposed on the Russian government, Russian entities and Russian individuals in many jurisdictions could affect companies, such as by losing access to financial resources and trade, but also by the side effects of sanctions on global prices (e.g. oil, natural gas and other petroleum products). The effects of the conflict are widespread and continually evolving. Companies that do not have operations in Russia and Ukraine could still be affected by the conflict, the effects including, but not limited to:

- Sanctions imposed on the clients of a company, which can impact its ability to sell goods and services and collect receivables;

33. COMMITMENTS AND CONTINGENCIES (CONTINUED)

- Sanctions imposed on a company's suppliers, which may impact its ability to obtain raw materials, goods and services, or which may indirectly increase its costs of obtaining these elements from alternative sources;
- Changes in the approach of customers and consumers on companies connected with Russia, Belarus or other jurisdictions related to the Russian Federation, which could reduce the demand for products of those companies;
- Changes in risk appetite that may lead to the situation in which creditors and investors withdraw their financial support for companies with ties to Russia, resulting in an increased liquidity risk and / or doubts about the continuity of the activity of those companies;
- Volatility in the prices of financial instruments and commodities, including oil, natural gas, other petroleum products and minerals, but also volatility in foreign exchange rates.

However, based on the information available at the time of preparation of this report, the Company's management has not identified any concrete potential risks related to the Russia-Ukraine conflict, so no significant impact on the current course of operations is estimated. The Company's has no direct exposure to business partners affected by the sanctions imposed since the conflict began (customers, suppliers, banking institutions with which the Company collaborates, who have been directly affected by the sanctions, as well as risks related to the future volatility of commodity prices or exchange rates) at the date of preparation of these financial statements. At the date of approval of these financial statements, the Company's management has no indication of any significant impact on the Company's business.

Litigations

The management of the Group considers that the litigations in which the Group companies are involved will not have a significant impact on the operations and the financial position of the Group.

Commitments

For the subsidies received, it was obliged to keep the fixed assets for a average period of 3 years, which was respected for all the fixed assets purchased.

Environmental related matters

The Group has not recorded any liabilities as at 31 December 2022 and 31 December 2021 for any anticipated costs, including legal fees and consulting fees or costs for design and implementation of remediation plans, related to environmental matters. The management of the Group does not consider that there are significant costs associated with environmental matters related to its business activities.

34. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries on 31 December 2022 and 31 December 2021, Control is obtained when the Group is exposed or has rights to variable returns from its involvement in the investee and has the ability to affect these returns by its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i,e, existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights to variable returns from its involvement in the investee;
- Ability to use its power over the investee to influence its profitability,

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of consolidation(continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other holders of the investee's votes;
- Rights arising from other contractual arrangements;
- The voting rights and potential voting rights of the Group,

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

b) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

The group has elected to account for business acquisitions under common control based on fair values, applying IFRS 3 business combination accounting.

c) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Investments in associates(continued)

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and it's carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

d) Revenue from contracts with customers

The Group produces and sells a range of construction materials: glass fiber and glass fiber reinforcements, varnishes, decorative paints and plasters, doors for residential buildings, as well as borderline panels and fencing nets,

Revenue from contracts with customers is recognized at a point in time when control of the goods is transferred to the customer (i,e, at the point in time when the products are delivered to the customer) at a value that reflects the consideration to which the group expects to be entitled in exchange for the goods, Delivery takes place when the products have been shipped to the specified location, the risk of loss has been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, acceptance clauses have expired, or the Group has objective evidence that all acceptance criteria have been met, A claim is recognized when the goods are delivered, i,e, when the consideration is unconditional, because it is only necessary to pass the time before the payment due.

The group concluded that it is the principal in its income agreements because it controls the goods before transferring them to the customer.

Revenue from the sale of construction materials is recognized when control of the asset is transferred to the customer, generally when delivery of construction material to the customer's location, The normal period of credit starts with advance payments and reaches 100 days after delivery.

The group shall consider whether there are other contractual promises that constitute separate performance obligations to which part of the transaction price has to be allocated (e,g, guarantees, loyalty points for customers), In determining the transaction price for the sale of construction materials, the Group shall take into account the effects of variable consideration, the existence of a significant funding component, cash-free consideration and consideration payable to the customer (if applicable).

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Revenue from contracts with customers(continued)

Variable consideration

If the consideration of a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for the transfer of the goods to the customer, Variable consideration is estimated at the beginning of the contract and is limited until a significant reversal of the amount of recognized cumulative revenue is highly likely not to occur when the uncertainty associated with variable consideration is resolved later, Some contracts for the sale of construction materials give customers the right to return the goods within a certain period, Return rights give rise to variable consideration.

- Return rights

In accordance with the Group's standard contractual terms and in accordance with legal provisions, return rights are granted for products which do not meet the characteristics assumed in the contract; however, in general, returns are rare and insignificant in value,

The Group can grant retrospective volume reductions if the quantity of construction materials purchased during the period exceeds a certain threshold.

Significant funding component

It is considered that there is no significant element of financing, as sales are made with a credit term of 30 days, which is in line with market practice,

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Trademarks, licenses and customer contracts

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Intangible assets(continued)

Trademarks and licences acquired separately are presented at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Useful life

The group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

- Trademarks: 20 years
- Customer contracts: 20 years
- Licenses: 4 years
- Software: 3 years

f) Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Tangible assets, other than buildings and land, are measured at cost less accumulated depreciation and impairment losses. Cost includes the purchase price, import duties, non-refundable purchase taxes and fees, any directly attributable costs of bringing the asset into its working condition and to the location for its intended use. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land and assets under construction are not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. Depreciation is computed on the amounts of tangible assets on a straight-line basis down to the assets estimated residual values. Construction in progress and tangible in progress are not depreciated.

Depreciation methods and useful live, are reassessed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation periods, which approximate the estimated useful economic live of the respective assets, are as follows:

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Property, plant and equipment(continued)

	Period (years)
Buildings	10 - 48
Installations and equipment	3 - 15
Vehicles and means of transport	5

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

g) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication that a non-financial asset, other than inventory or deferred tax assets, may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value 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 determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Impairment of non-financial assets(continued)

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

h) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The group recognizes the right-of-use assets at the commencement date of the lease (i,e, on the date on which the underlying asset is available for use), Right-of-use assets are valued at cost, less any accumulated depreciation and impairment losses, and adjusted for any revaluation of lease receivables, The cost of right-of-use assets includes the amount of recognized lease receivables, the initial direct costs incurred and the lease payments made on or before the starting date, minus any lease incentives received, Right-of-use assets are written off linearly for the shortest period between the lease term and the estimated useful life of the assets, as follows:

- Buildings:1 year
- Land: 14 years
- Equipment: 6 years
- Vehicles: 4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the Exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section *Impairment of non-financial assets.*

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Leases

addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

In order to determine the incremental loan rate, the Group shall:

- where possible, use as a starting point the recent funding received by third parties by the group, adjusted to reflect changes in the funding conditions from the time of receipt of third-party funding
- use a cumulative approach that starts from an adjusted risk-free interest rate for credit risk for leases held by the group, where it has no recent third party funding, and
- make lease-specific adjustments, e,g, term, country, currency and guarantee,

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease exemption to its short-term lease of machinery and equipment (i,e, those leases that have a lease life of 12 months or less from the commencement date and do not contain a purchase option), The Group also applies the exemption from recognition of leases of low value assets for leases of office equipment considered to be of low value, Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a linear basis over the lease term.

Group as lessor

The group did not enter into any lease agreements as a lessor.

i) Inventories

Inventories are recorded at the lower of cost and net realizable value.

Cost of inventory is generally determined on a first-in/first-out basis basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overhead, but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and costs to be incurred in marketing, selling and distribution.

j) Financial assets

Initial recognition and assessment

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, at fair value through other comprehensive income (CMO) and at fair value through profit or loss.

The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of financial assets and the group's business model for their management, Except for trade receivables that do not contain a significant funding component or for which the Group has applied a practical solution, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset that is not measured at fair value through profit or loss, transaction costs, Trade receivables that do not contain a significant financing component or for which the Group has applied the practical method are valued at transaction price.

For a financial asset to be classified and measured at amortized cost or fair value through the IOC, it must give rise to cash flows that are 'excluding principal and interest payments (IPP)' at the outstanding principal amount, This evaluation is called the IPP test and is carried

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
j) Financial assets(continued)

out at instrument level, Financial assets with non-PPI cash flows are classified and measured at fair value through profit or loss, regardless of the business model.

The group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows, The business model determines whether cash flows will result from the collection of contractual cash flows, the sale of financial assets or both, Financial assets classified and measured at amortized cost are held within a business model with the objective of holding financial assets to collect contractual cash flows, while financial assets classified and measured at fair value through IOCs are held within a business model with the objective of both owning to collect contractual cash flows and selling.

Purchases or sales of financial assets requiring delivery of assets within a time frame set by market regulations or conventions (ordinary transactions) are recognized at the trade date, i,e, at the time the Group commits to buy or sell the asset.

For the purposes of subsequent valuation, financial assets are classified in four categories:

- Financial assets at amortized cost (debt securities)
- Financial assets at fair value through OIC with recycling of accumulated gains and losses (debt instruments)
- Financial assets designated at fair value through OICs without recycling accumulated gains and losses on derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt securities)

Financial assets at amortized cost are subsequently valued using the effective interest method (EIR) and subject to impairment, Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired,

The Group has only financial assets at amortized cost (trade and other receivables and bank balances),

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is primarily derecognized (ie drawn from the consolidated statement of the financial position of the group) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has undertaken an obligation to pay fully the cash flows received, without significant delay, to a third party under a pass-through arrangement; and either (a) The group has substantially transferred all the risks and benefits associated with the asset, or (b) the group has neither transferred nor substantially retained all the risks and benefits associated with the asset, but has transferred control of the asset,

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through agreement, it shall assess whether and to what extent it has retained the risks and rewards of ownership, If the Group has not transferred or substantially retained all the risks and rewards of the asset, nor has it transferred control of the asset, it shall continue to recognize the transferred asset to the extent that it continues to be involved, In this case, the Group also recognizes an associated liability, The transferred asset and the associated liability are valued on a basis that reflects the rights and obligations that the Group has retained,

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial assets(continued)

The continuing involvement that takes the form of a guarantee on the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of consideration that the Group may be required to repay

Cash and short-term deposits

In the statement of financial position, cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially based on the transaction price, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See financial assets accounting policy for a description of the Group's impairment policies.

Impairment

The Group applies the simplified approach of IFRS 9 for measuring expected credit losses, using a lifetime expected loss reduction (ECL) for all commercial receivables, In order to measure the expected credit losses, trade receivables are grouped on the basis of the common characteristics of credit risk and days of delay,

The expected loss rates are based on the sales payment profiles for a period of 36 months before 31 December 2022 and 1 January 2022 respectively, and the corresponding historical credit losses incurred during that period, Historical loss rates are adjusted to reflect current and future information on macroeconomic factors that affect customers' ability to settle receivables,

Trade receivables are canceled when there is no reasonable expectation of recovery, Indicators showing that there is no reasonable expectation of recovery include, inter alia, the fact that a debtor does not engage in a reimbursement plan with the group and does not make contractual payments for a period exceeding 120 days of delay, Impairment losses on trade receivables are presented as net impairment losses in operating profit, Subsequent recoveries of previously canceled amounts are credited to the same item.

k) Financial liabilities

Initial recognition and assessment

Financial liabilities are classified, on initial recognition, as financial liabilities at fair value through profit or loss, or other liabilities, or as derivatives designated as hedging instruments in effective hedge, as applicable.

All financial liabilities are initially recognized at fair value and, in the case of other liabilities, at the net amount of directly attributable transaction costs.

The financial liabilities of the Group include trade and other payables as well as loans and loans, including bank overdrafts.

Subsequent assessment

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Financial liabilities(continued)

For the purposes of subsequent valuation, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortized cost (trade and other payables and loans).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading shall be recognized in the profit and loss account.

Financial liabilities designated at initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the criteria in IFRS 9 are met, The Group did not designate any financial liability as at fair value through profit or loss.

Other financial liabilities at amortized cost

This is the most relevant category for the Group, After initial recognition, interest-bearing loans and loans are subsequently valued at amortized cost using the effective interest method, Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

The amortized cost is calculated by taking into account any reduction or acquisition premium and fees or costs that form an integral part of the EIR, The amortization of the EIR is included as financial costs in the profit and loss account.

Derecognition

A financial liability is derecognized when the obligation arising from that liability is satisfied, canceled or expires, Where an existing financial liability is replaced by another debt on substantially different terms from the same creditor, or where the conditions of an existing claim are substantially changed, such exchange or such modification shall be treated as derecognition of the original debt and recognition of a new claim, The difference between those carrying amounts is recognized in the profit or loss account.

l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to

the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

n) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of the financial position if there is a currently applicable legal right to clear amounts recognized and if there is an intention to settle on a net basis, realize assets and settle liabilities simultaneously.

o) Provisions

Provisions are recognized at the time when the Group has a legal or constructive obligation as a result of past events, when an outflow of resources embodying economic benefits is required to settle the obligation and for which a credible estimate can be made of the amount of the obligation, Where there are a number of similar obligations, the probability that an outflow of resources will be required for settlement shall be determined by assessing the class of obligations as a whole, The provision is recognized even if the probability of a resource outflow related to any item included in any class of obligations is low, Where the Company expects the repayment of a provision, for example through an insurance contract, the repayment is recognized as a separate asset, but only when the repayment is theoretically certain.

Provisions shall be measured at the present value of the estimated expenses necessary for the settlement of the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation, The increase in the provision due to the passage of time is recognized as interest expense.

p) Measuring fair value

Fair value is the price that would have received to sell an asset or paid to transfer a liability to an orderly transaction between market participants at the measurement date, The group shall measure the fair value of an asset or liability on the basis of assumptions that market participants would use when pricing the asset or liability, assuming that they act to obtain maximum economic benefits,

The group shall use valuation techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable data and minimizing the use of unobservable data, All assets and liabilities that are measured at fair value in the financial statements shall be included in the fair value hierarchy, depending on the nature of the input data, as follows:

- Level 1 — quoted prices on active markets for identical assets or liabilities that the entity can access at the valuation date;
- Level 2 — data other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly;
- Level 3 — input data for the asset or liability,

At each reporting date, the Group shall review the values of assets and liabilities that require revaluation or discounting of fair value in accordance with applied accounting policies, The carrying amount of the Group's main assets and liabilities (cash, trade receivables and other receivables, trade receivables and other current receivables) is close to their fair value at the reporting date.

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Current versus non-current classification

The group shall disclose the assets and liabilities in the statement of financial position on the basis of the current/long-term classification, An asset is current when:

It is expected that they will be made or are intended to be sold or consumed within the normal operating cycle:

- Held primarily for trading purposes
- Expected to be achieved within twelve months of the reporting period

Or

- Cash or cash equivalent, unless it cannot be exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as long-term,

A liability is current when:

- It is expected to be settled within the normal operating cycle,
- It is primarily held for the purpose of trading
- It must be settled within twelve months after the reporting period,

Or

- There is no unconditional right to postpone the settlement of the debt for at least twelve months after the reporting period,

The group classifies all other liabilities as long-term,

Deferred tax assets and liabilities are classified as assets and long-term receivables.

r) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued, is presented as a share premium.

s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

Under the LBO mechanism, dividends are distributed only if certain bank indicators are met. We refer to leverage and DSCR.

t) Taxation

Income tax expenses consist of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Taxation(continued)

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Taxation(continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current tax and deferred tax for the financial year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

u) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

v) Foreign currency translation

Functional and presentation currencyt

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation

34. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Foreign currency translation(continued)

currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate on that balance sheet date,
- income and expenses for each profit or loss statement and for the statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of exchange rates prevailing at transaction dates, in which case income and expenses are converted at transaction dates), and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

w) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

The Group does not grant long term or post-employment benefits.

35. EVENTS AFTER THE REPORTING PERIOD

SHARE CAPITAL INCREASE

On 11 January 2024, the Board of Directors approved the following:

a. for a number of up to 8,431,851 New Shares, which were not subscribed during the first phase of the Share Capital Increase are to be offered for subscription in a private placement addressed to certain persons from the European Union based on the exceptions allowed from the publication of a prospectus, including those provided in article 1(4), letters (a) and (b) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published in the case of a public offering of securities or the admission of securities to trading on a regulated market, and repealing Directive 2003/71/EC ("Prospectus Regulation") and/or to investors to whom such private placements may be otherwise lawfully addressed to and directed, in reliance of the exceptions in Regulation S ("Regulation S") under the U.S. Securities Act of 1933 ("U.S. Securities Act") and without the need to undertake any other formalities under any applicable law, to the extent, and only provided that, an investment in the New Shares does not constitute a violation of any applicable law by such investor.

35. EVENTS AFTER THE REPORTING PERIOD(CONTINUED)

b. that a number of 5,641,277 New Shares remaining unsubscribed after the first stage of the Share Capital Increase are to be issued in the private placement stage of the Share Capital Increase, in order to the set-off of certain, liquid and enforceable claims, with a total value of 56,412,775.6 RON, held by the by Societatea de Investitii Alternative cu Capital Privat Roca Investments S.A. („Roca Investments"), as creditor, against the Company, as debtor.

RELATED PARTY LOAN

On 12 January 2024, the Board of Directors of Roca Industry approved the conclusion of a loan agreement by the Company, as a borrower, with Societatea de Investiții Alternative cu Capital Privat ROCA INVESTMENTS S.A. (majority shareholder of Roca Industry), as lender, for a total amount of EUR 1,667,000. The loan will be granted under market conditions, having repayment term until 12 April 2024, with possibility of extension for an additional period of 3 months.

ACQUISITIONS OF WORKSHOP DOORS SRL

On February 8, 2024, ROCA Industry completed the acquisition of 70% of the share capital of Workshop Doors S.R.L. ("Workshop Doors"), a company active since 2009 on the interior doors market in the region, with two production facilities, in Reghin and Petelea. With a turnover of RON 48.8 million, EBITDA of RON 12.2 million and a net profit of RON 9.0 million (estimated figures at the end of 2023 according to the financial statements currently being audited), the company exports a considerable percentage of its own production.

As a step in the completion of the acquisition of Workshop Doors, a process initiated through Eco Euro Doors ("EED", a subsidiary of ROCA Industry), the sale and purchase agreement was signed on 18 August 2023. An addendum thereto was also signed, whereby EED assigned the sale and purchase agreement to ROCA Industry, together with all related rights and obligations.

The price for the acquisition of the shares is RON 30.0 million, payable in two instalments. The first instalment, in the amount of RON 22.5 million, was paid upon completion of the transaction, the difference of RON 7.5 million (which may be adjusted depending on the fulfilment of the performance indicators established by the sale-purchase agreement) will be paid within a maximum period of 6 months.

Management could not include all IFRS 3 disclosures in respect of this acquisition due to limited information available at the date of the consolidated financial statements. No purchase price allocation is available as of the date of these financial statements. Workshop Doors is the main competitor of EED and will help bring further synergies to the Group and increasing market share.

APPROVAL OF THE ADMISSION TO TRADING OF THE COMPANY'S SHARES ON THE MAIN MARKET OPERATED BY THE BUCHAREST STOCK EXCHANGE (STANDARD CATEGORY)

In June 2023, ROCA Industry shareholders approved at the Extraordinary General Meeting of Shareholders the increase of the Company's share capital by up to RON 150 million (nominal value) through cash contribution and the conversion of some receivables against ROCA Industry from the acquisition of Electroplast, by issuing up to 15 million new shares with a nominal value of RON 10/share. At the same time, the shareholders also approved the listing of the Company on the regulated market of the BVB.

The share capital increase process was carried out in two stages, respectively between November 2023 and January 2024. The first stage was for existing shareholders at the date of registration who could exercise their pre-emptive rights to maintain their share of the total share capital (stage completed on 10 January 2024), and the second stage was for existing shareholders and other investors. At the end of the share capital increase process, a total of 7.2 million shares were subscribed, the share capital being increased from RON 176,945,730 to RON 248,672,220.

On 26 February 2024, the Board of Directors of the Bucharest Stock Exchange S.A. approved the admission to trading of all shares issued by the Company on the Main Market (Standard category) of the Bucharest Stock Exchange, starting from 11 March 2024.

These consolidated financial statements were approved and signed today, 27.03.2024.

Approved,

Surname and given name(s):	Surname and given name(s):
Ioan-Adrian Bindea	Valentin Albu
Function: CEO	Function: CFO
Signature ________________________	Signature ________________________

INDEPENDENT AUDITOR'S REPORT OF CONSOLIDATED FINANCIAL STATEMENTS

KPMG Audit SRL
Vivido Business Center
Str. Alexandru Vaida Voevod, Nr. 16
Cluj-Napoca, 400267, Jud. Cluj
Romania
Tel: +40 (372) 377 900
Fax: +40 (753) 333 800
www.kpmg.ro

Independent Auditors' Report

To the Shareholders of Roca Industry HoldingRock1 SA

Gara Herastrau nr. 4, corp A, etaj 3, sector 2, Bucuresti
Unique Registration Code: 44987869

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of Roca Industry HoldingRock1 SA ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

2. The consolidated financial statements as at and for the year ended 31 December 2023 are identified as follows:

• Net assets/Total equity:	Lei 183,598,920
• Net loss for the year:	Lei -21,130,588

3. In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the Order of Minister of Public Finance No. 2844/2016 for approval of accounting regulations in accordance with International Financial Reporting Standards ("OMPF no. 2844/2016") and related amendments and with International Financial Reporting Standards adopted by the European Union ("IFRS EU").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs"), Regulation (EU) no. 537/2014 of the European Parliament and of the Council ("the Regulation"), which is applicable to the Group starting 11 March 2024 (when the Company become a public interest entity in accordance with Law no. 162/2017) and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial*

Fiscal registration code RO12997279
Trade Registry no.J40/4439/2000
Share Capital 2.000 RON

Statements section of our report. We are independent of the Group in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Romania, including the Regulation which is applicable to the Group starting 11 March 2024 (when the Company become a public interest entity in accordance with Law no. 162/2017) and the Law and we 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.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Recoverability of goodwill and other intangible assets
- Business combinations and purchase price allocation

Recoverability of goodwill and other intangible assets

Carrying amount of goodwill: 84,923 thousand lei as at December 31, 2023 (69,706 thousand lei as at December 31, 2022).

Carrying amount of other intangible assets: 110,841 thousand lei as at December 31, 2023 (95,243 thousand lei as at December 31, 2022)

See Note 14 and Note 15 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
A cash-generating unit ("CGU") to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. The Group performed the annual impairment tests for all CGUs with goodwill based on their value in use. As part of the impairment tests, the Group assessed the recoverability of intangible assets that represent material carrying amounts of those CGUs as at 31 December 2023. The estimate of recoverable amount of goodwill and intangible assets involves significant judgments regarding assumptions such as future cash flows, growth rates, gross and net operating margins, net working capital requirements, capital expenditures and discount rates, as well as economic assumptions, such as the evolution of costs, and wages in the context of the economy and inflation. In the wake of the above factors it required our increased attention during the audit and was considered to be a key audit matter.	Our audit procedures related to the Group's impairment tests as at 31 December 2023, performed with the assistance from our own valuation specialists, included, among others, the following: • Evaluation of the Group's value-in-use model (the "discounted cash flow model") applied to perform the annual impairment test, in the context of the relevant requirements of the applicable financial reporting standards; • Evaluation of the grouping of assets in cash generating units, based on our understanding of the Group's operations and business lines. As part of the procedure, we assessed, among other things, the extent to which the allocation of corporate assets to CGUs is reasonable and consistent with prior periods; • Evaluation of the competence, capability and objectivity of the external evaluator engaged by the Group; • We considered the sensitivity of the

hk

2

KPMG

	impairment model to changes in key assumptions, such as forecast growth rates, discount rates and cash flows, to identify assumptions at greater risk of subjectivity or inconsistency in application; • Evaluation of the Group's budgeting process by comparing historical budgets with their subsequent realization; • Evaluation of key assumptions used to determine the discount rate, operating cash flows, growth rate, operating margins, working capital requirements and capital expenditures. In this context, we evaluated whether certain assumptions on which the evaluation was based, at the individual level and taken as a whole, took into account: i) the economic environment of the Group and industry it operates in and ; ii) available market information; iii) the Group's business plans, including management expectations; iv) the risks associated with the cash flows, including the possible variability of the value and the moment of the occurrence of the cash flows and their effect on the sensitivity of the discount rate; v) specific requirements of the relevant financial reporting standards; vi) a comparative analysis with the general performance of similar companies and with the performance and historical financial trends of the Group; • Testing the mathematical accuracy of the discounted cash flow model; • Evaluation of the adequacy of the disclosures regarding impairment testing in the notes to the consolidated financial statements.

Business combinations and the purchase price allocation

Goodwill: 84,923 thousand lei as at December 31, 2023 (69,706 thousand lei as at December 31, 2022)

Other intangible assets: 110,841 thousand lei as at December 31, 2023 (95,243 thousand lei as at December 31, 2022)

Non-controlling interests: 22,579 thousand lei as at December 31, 2023 (17,732 thousand lei as at December 31, 2022)

See Note 13 and Note 23 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
In June 2023, Roca Industry Holdingrock1 SA acquired 99.99997% of the share capital of ELECTROPLAST S.A. ("Electroplast"), producer of aluminium and copper electric cables. The above transaction, in accordance with the	**Our audit procedures, performed with the involvement of our valuation specialists, included, among others:** • **Reading the purchase agreement to understand the key terms and conditions of**

3

KPMG

adopted accounting policy for transactions between entities under common control, was accounted for in accordance with IFRS 3 *Business combinations*. The Group engaged external appraiser to assist management in determining fair values of assets acquired, liabilities assumed as well as the purchase price for acquired entity. The purchase price was allocated between identifiable assets acquired and liabilities assumed at their fair values determined as at the acquisition date and the residual amount was recognised as goodwill. The valuation of assets and liabilities assumed was based on discounted future cash flows, for which the main assumptions included: growth rates, operating costs, gross and net operating margins, working capital requirements, capital expenditures and discount rates, as well as economic assumptions , such as the evolution of salaries and the cost of raw materials in the context of the economy and inflation. As a result of the purchase price allocation, the Group recognised, among others, 19,663 thousand lei as brands and customer lists within intangible assets and 13,821 thousand lei as goodwill. Estimating fair values of assets and liabilities involves significant degree of judgement and subjective assumptions and therefore required our increased attention in the audit and was considered to be a key audit matter.	the transaction; • Inspecting the decision of the Competition Council in connection with the approval of the share purchase transaction of Electroplast by the Group. • Evaluation of the competence, capability and objectivity of the external appraiser engaged by the Group for the estimate of purchase price and identification and valuation of assets acquired and liabilities assumed. • Evaluation of the methods used by the Group and the external appraiser in terms of their compliance with the valuation standards commonly applied in the industry as well as with the relevant financial reporting standards; • Evaluation of key assumptions used to determine the discount rate, operating cash flows, growth rate, operating margins, working capital requirements and capital expenditures. In this context, we evaluated whether certain assumptions on which the valuation was based, at the individual level and taken as a whole, took into account: i) the economic environment of the industry, the economic circumstances of the acquired company; ii) available market information; iii) the business plans of the acquired company, including the expectations of the Group's management; iv) the risks associated with the cash flows, including the possible variability of the value and the moment of the occurrence of the cash flows and their effect on the sensitivity of the discount rate; v) requirements of the relevant financial reporting standards; • Testing the mathematical accuracy of the key calculations in the valuation reports prepared by the external appraiser; • Assessing the adequacy of the disclosures on business combinations in the notes to the consolidated financial statements.

Other matter – Corresponding figures

6. The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion, dated 31 August 2023, on those consolidated financial statements.

KPMG

Other information –Administrators' Report

7. The Members of the Board of Directors are responsible for the preparation and presentation of other information. The other information comprises the Administrator's Report, which we obtained prior to the date of this auditors' report (but does not include the consolidated financial statements and our auditors' report thereon), and the Annual Report, including in accordance with RTS on ESEF requirements and the Sustainability report, which are expected to be made available to us after that date.

   Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

   If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

   When we read the Annual Report, including in accordance with RTS on ESEF requirements and the Sustainability report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Other Reporting Responsibilities Related to Other Information – Administrators' Report.

With respect to the Administrators' Report we read and report whether the Administrators' Report is prepared, in all material respects, in accordance with OMPF no. 2844/2016, articles 26-28 of the accounting regulations in accordance with International Financial Reporting Standards .

Based solely on the work required to be undertaken in the course of the audit of the consolidated financial statements, in our opinion:

a) The information given in the Administrators' Report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements;

b) The Administrators' Report has been prepared, in all material respects, in accordance with OMPF no. 2844/2016, articles 26-28 of the accounting regulations in accordance with International Financial Reporting Standards.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Administrators' Report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with OMPF no. 2844/2016 and with IFRS EU for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to

KPMG

cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

12. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of 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 Group's internal control.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that

KPMG

a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements - Report on Compliance with the ESEF Regulation

16. In accordance with Law no. 162/2017 on statutory audits of annual financial statements and consolidated financial statements and amendment of certain regulations, we are required to express an opinion on compliance of the consolidated financial statements authorized for issuance by the Board of Directors and presented in separate digital files ("consolidated financial statements"), with the requirements of the Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management

17. Management is responsible for the preparation of the consolidated financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the consolidated financial statements in the applicable xHTML format;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information in the machine- and human-readable formats and the signed consolidated financial statements; and
- the design, implementation and maintenance of internal controls relevant to the application of the RTS on ESEF.

Auditors' Responsibilities

18. Our responsibility is to express an opinion on whether the consolidated financial statements comply, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the RTS on ESEF, whether due to fraud or error. Our procedures included, among other things:

- obtaining an understanding of the tagging process;
- evaluating the design and implementation of relevant controls over the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable digital format and to the signed and audited consolidated financial statements, stamped by us for identification purposes;
- evaluating the completeness of the Group's tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements;
- evaluating the appropriateness of the digital format of the consolidated financial statements; and

— assessing consistency between the digitised information in the machine- and human-readable formats and the signed and audited consolidated financial statements, stamped by us for identification purposes.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

19. In our opinion, the consolidated financial statements of the Group as at and for the year ended 31 December 2023 have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

Report on Other Legal and Regulatory Requirements

20. We were appointed by the General Shareholders' Meeting on 20 November 2023 to audit the consolidated financial statements of Roca Industry HoldingRock1 SA for the year ended 31 December 2023. Roca Industry HoldingRock1 SA become a public interest entity in accordance with Law no. 162/2017 upon admission for trading on the Bucharest Stock Exchange regulated market on 11 March 2024.

21. We confirm that:

- our audit opinion is consistent with the additional report presented to the Board of Directors , which we issued on the same date as the date of issuance of this independent auditors' report. We also remained independent of the Group in conducting the audit.
- we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014, which is applicable to the Group starting 11 March 2024 (when the Company become a public interest entity in accordance with Law no. 162/2017).

The engagement partner on the audit resulting in this independent auditors' report is MIHALI HORATIU MIHAI.

Refer to the original signed Romanian version

For and on behalf of KPMG Audit S.R.L.:

MIHALI HORATIU MIHAI	**KPMG Audit SRL**
registered in the electronic public register of financial auditors and audit firms under no AF3354	registered in the electronic public register of financial auditors and audit firms under no FA9

Cluj-Napoca, 28 March 2024

8

ROCA INDUSTRY HOLDINGROCK1 SA

SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

PREPARED IN ACCORDANCE WITH THE
ORDER OF THE MINISTRY OF FINANCE NUMBER 2844/2016
("OMFP 2844/2016)" AND WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION,
AS REVISED ("IFRS")

CONTENTS:

200 Separate financial statements

	Note	2023 (audited)	2022 (unaudited)
Continuing operations			
Other operating income		1,086	771
Depreciation and amortization		(214,163)	(243,392)
Employee benefit expenses	12	(2,929,120)	(1,406,269)
Advertising costs		(554,048)	(309,678)
Transport costs		-	(30,406)
(Impairment)/ reversal of impairment of investments	4	3,665,000	(12,385,542)
Other operating expenses	14	(2,852,537)	(1,350,309)
Other gains/(losses) – net		1,974	-
Operating loss		**(2,881,808)**	**(15,724,825)**
Finance income	13	6,781,937	6,118,460
Finance costs	13	(636,509)	(194,258)
Net finance income		**6,145,428**	**5,924,202**
Profit / (Loss) before income tax		**3,263,620**	**(9,800,623)**
Income tax expense	15	373	(28,363)
Profit / (Loss) for the period from continuing operations		**3,263,993**	**(9,828,986)**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**3,263,993**	**(9,828,986)**
Earnings per share			
Basic and diluted earnings per share (RON)		**0.18**	**(0.56)**

SEPARATE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED AS AT 31 DECEMBER 2023
(all amounts are expressed in 'RON', unless otherwise stated)

	Note	31 December 2023 (audited)	31 December 2022 (unaudited)	31 December 2021 (unaudited)
ASSETS				
Non-current assets				
Other intangible assets		6,394	2,589	-
Property, plant and equipment		22,020	20,231	-
Right-of-use assets	9	392,399	901,488	512,622
Investments in subsidiaries	4	151,292,631	89,897,142	71,012,500
Deferred tax assets	10	769	396	-
Total non-current assets		**151,714,213**	**90,821,846**	**71,525,122**
Current assets				
Other current financial assets	5	86,440,767	80,474,275	31,594,616
Prepayments		71,185	34,333	-
Cash and cash equivalents	6	620,198	2,034,347	74,391,333
Total current assets		**87,132,150**	**82,542,955**	**105,985,949**
Total assets		**238,846,363**	**173,364,801**	**177,511,071**
EQUITY and LIABILITIES				
Capital and reserves				
Share capital	7	176,945,730	176,945,730	176,945,730
Share premium		38	38	38
Retained earnings		(8,608,064)	(11,689,077)	(1,794,061)
Total equity attributable to owners of the Company		**168,030,857**	**165,256,691**	**175,151,707**
Total equity		**168,337,704**	**165,256,691**	**175,151,707**
Non-current liabilities				
Lease liability	9	243,602	584,499	386,596
Deferred tax liabilities	10	-	-	76
Government grants		1,402	1,402	-
Total non-current liabilities		**245,004**	**585,901**	**386,672**
Current liabilities				
Trade and other payables	11,16	57,958,008	1,999,488	1,842,072
Current tax liabilities		(120,337)	11,172	5,071
Lease liability	9	153,606	319,467	125,549
Government grants		-	1,086	-
Borrowings	8	11,944,120	4,947,400	-
Employee benefits - current		328,258	243,596	-
Total current liabilities		**70,263,655**	**7,522,209**	**1,972,692**
Total liabilities		**70,508,659**	**8,108,110**	**2,359,364**
Total equity and liabilities		**238,846,363**	**173,364,801**	**177,511,071**

	Attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2023 (unaudited)	**176,945,730**	**38**	**(11,689,077)**	**165,256,691**
Profit for the year	-	-	3,263,993	3,263,993
Total comprehensive income for the year	**-**	**-**	**3,263,993**	**3,263,993**
Transactions with owners in their capacity as owners:				
Transaction costs on issuance of shares	-	-	(182,978)	(182,978)
Balance at 31 December 2023 (audited)	**176,945,730**	**38**	**(8,608,064)**	**168,337,704**

	Attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2022 (unaudited)	**176,945,730**	**38**	**(1,794,061)**	**175,151,707**
Loss for the year	-	-	(9,828,986)	(9,828,986)
Total comprehensive income for the year	**-**	**-**	**(9,828,986)**	**(9,828,986)**
Transactions with owners in their capacity as owners:				
Transaction costs on issuance of shares	-	-	(66,030)	(66,030)
Balance at 31 December 2022 (unaudited)	**-**	**38**	**(11,689,077)**	**165,256,691**

	Attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2021 (unaudited)	-	-	-	-
Loss for the year	-	-	(174,640)	(174,640)
Total comprehensive income for the year	**-**	**-**	**(174,640)**	**(174,640)**
Transactions with owners in their capacity as owners:				
Issue of share capital	176,945,730	38	-	176,945,768
Transaction costs on issuance of shares	-	-	(1,619,421)	(1,619,421)
Balance at 31 December 2021 (unaudited)	**176,945,730**	**38**	**(1,794,061)**	**175,151,707**

SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2023

(all amounts are expressed in 'RON', unless otherwise stated)

	Note	2023 audited	2022 unaudited
Profit/(Loss) before tax		**3,263,618**	**(9,800,623)**
Adjustments for:			
Depreciation and amortisation expenses		214,163	243,392
Impairment of investment in subsidiaries	4	-	12,385,542
Reversal of impairment of investment in subsidiaries	4	(3,665,000)	-
Dividends income	13	(1,500,000)	(3,177,019)
Amortisation of government grants		(1,086)	(771)
Interest income	13	(5,073,384)	(2,882,136)
Interest expense	13	631,026	192,168
Unrealized forex		(260,655)	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity:			
Decrease/(Increase) in other receivables		104,845	(780,589)
Decrease in trade and other payables		(866,122)	(1,270,385)
Increase in prepayments		(36,852)	(34,333)
Cash flows from operating activities		**(7,189,445)**	**(5,124,754)**
Interest paid		(46,387)	-
Dividends cashed		4,542,636	-
Income taxes paid		(131,509)	(22,734)
Net cash (outflow) from operating activities		**(2,824,705)**	**(5,147,488)**
Cash flows from investing activities			
Payments for acquisition of subsidiaries		(4,979,500)	(31,270,184)
Payments for acquisition of property, plant and equipment		(12,369)	(27,762)
Payments for intangible assets		(4,882)	(2,824)
Receipt of government grants		-	3,259
Interest received		814,207	556,295
Net cash (outflow) from investing activities		**(4,182,544)**	**(30,741,216)**
Cash flows from financing activities			
Proceeds from loans granted to subsidiaries		12,917,200	17,923,093
Loans granted to subsidiaries		(13,867,160)	(59,019,303)
Repayment of borrowings from parent company		(4,938,200)	(7,300,000)
Loans taken from parent company		11,879,980	12,247,400
Repayments of lease liabilities		(215,740)	(253,442)
Transaction costs related to shares issuance		(182,980)	(66,030)
Net cash inflow/(outflow) from financing activities		**5,593,100**	**(36,468,282)**
Net decrease in cash and cash equivalents		**(1,414,149)**	**(72,356,986)**
Cash and cash equivalents at the beginning of the year	6	2,034,347	74,391,333
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at end of year	6	**620,198**	**2,034,347**

1. GENERAL INFORMATION

Roca Industry Holdingrock1 SA (the "Company", the "Parent-Company" or "Roca Industry") is a Romanian company, established in September 2021, the registered office being at 4 Gara Herastrau Street, building A, floor 3, district 2, Bucharest. The Company is registered with the Trade Register under number J40 / 16918/2021 and has Unique Registration Code (CUI) 44987869.

Roca Industry operates and implements its business strategy through its subsidiaries (together referred to as the "Group"). Information on the Company's subsidiaries is provided in Note 4 Investment in subsidiaries.

The Company's subsidiaries activate in the field of construction materials, i.e. in the production of fiberglass and fiberglass reinforcement, the production of varnishes, paints, and decorative plasters, the production of doors for residential buildings, the production of edged panels and fencing mesh and the production of electric cables.

As of December 31st, 2023, the Company prepared separate financial statements which are available on the Company's website: www.rocaindustry.ro.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Compliance with IFRS

The financial statements of the Roca Industry Holdingrock1 SA have been prepared in accordance with Order of Ministry of Finance 2844/2016 ("OMFP 2844/ 2016") and International Financial Reporting Standards as adopted by the European Union ("IFRS").

The financial statements were authorized for issue by the Board of Directors on 27 March 2024 and will be submitted for shareholders' approval in the meeting scheduled on 29 April 2024.

These separate financial statements have been prepared for information purposes. As described in this note, the Company also published separate financial statements prepared in accordance with another general purpose framework, Order of Minister of Public Finance no. 1802/2014 and related amendments

The Company also issues an original version of the financial statements prepared in accordance with OMFP 2844/2016 and IFRS-EU in Romanian language, that will be used for submitting to the Bucharest Stock Exchange, which is the original binding version.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain class of property, plant and equipment measured at revalued amount. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of *IFRS 16 Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in *IAS 36 Impairment of Assets*.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional and presentation currency

These separate financial statements are presented in Romanian New Lei ("RON"), which is the functional currency of the Company. All amounts are presented in thousands RON and rounded to the nearest unit, unless otherwise stated.

Going concern

As at 31.12.2023, the Company recorded a profit in the year of RON 3.2 million. The Company's ability to continue as a going concern depends on the successful of its objectives, the ability of the company to generate sufficient future cash flows and financial support from shareholders. In this respect, Roca Investments, as majority shareholder of Roca Industry, has expressed its intention to provide financial support in the event of financial difficulties in the future, by sending a letter of support.

The Company's management have, at the time of approving these separate financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

On June 22, 2023, the Extraordinary General Meeting of the Company's Shareholders ("AGEA") approved, among other things, (i) the increase of the Company's share capital by the maximum amount of 150,000,000 RON, from the current value of 176,945,730 RON to the maximum value of the social capital of 326,945,730 RON, by issuing a number of up to 15,000,000 new registered, ordinary, dematerialized shares, with a nominal value of 10 RON/share ("New Shares") ("Increase of the Social Capital "), (ii) admission to trading of the Company's shares on the regulated market administered by the Bucharest Stock Exchange S.A. ("Listing on the Regulated Market"). Please see Note 20 Subsequent Events for details on the results of the IPO and private placement in January 2024. The actual amount of share capital as of the date of these financial statements is of RON 248.672.220.

New and amended standards adopted by the Company

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

❖ *IFRS 17 Insurance Contracts*

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Company's separate financial statements.

❖ *Definition of Accounting Estimates - Amendments to IAS 8*

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's separate financial statements.

❖ *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's separate financial statements.

❖ *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Company's separate financial statements.

❖ *International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12*

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.
- The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Company's separate financial statements.

Investments

Subsidiaries are those investees that the Company controls because it has:

- power to direct their activities that significantly affect their returns,
- exposure, or rights, to variable returns from its involvement with the investees, and
- the ability to use its power over the investees to affect the amount of the investor's returns.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Associates are entities over which the Company has significant influence. In its separate financial statements, the Company measures its investments in subsidiaries and associates at cost less impairment.

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

❖ *Company as lessee*

The Company applies applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognizes the right-of-use assets at the commencement date of the lease (i,e, on the date on which the underlying asset is available for use). Right-of-use assets are valued at cost, less any accumulated depreciation and impairment losses, and adjusted for any revaluation of lease receivables, The cost of right-of-use assets includes the amount of recognized lease receivables, the initial direct costs incurred and the lease payments made on or before the starting date, minus any lease incentives received, Right-of-use assets are written off linearly for the shortest period between the lease term and the estimated useful life of the assets, as follows:

- ❖ Buildings:1 year
- ❖ Vehicles: 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

ROCA INDUSTRY

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In order to determine the incremental loan rate, the Company shall:

- where possible, use as a starting point the recent funding received by third parties by the Company, adjusted to reflect changes in the funding conditions from the time of receipt of third-party funding
- use a cumulative approach that starts from an adjusted risk-free interest rate for credit risk for leases held by the Company, where it has no recent third party funding, and
- make lease-specific adjustments, e,g, term, country, currency and guarantee

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease exemption to its short-term lease of machinery and equipment (i,e, those leases that have a lease life of 12 months or less from the commencement date and do not contain a purchase option). The Company also applies the exemption from recognition of leases of low value assets for leases of office equipment considered to be of low value, Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a linear basis over the lease term.

- Company as lessor

The Company did not enter into any lease agreements as a lessor.

Financial assets

Initial recognition and assessment

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, at fair value through other comprehensive income (OCI) and at fair value through profit or loss.

The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of financial assets and the Company's business model for their management. Except for trade receivables that do not contain a significant funding component or for which the Company has applied a practical solution, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset that is not measured at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical method are valued at transaction price.

For a financial asset to be classified and measured at amortized cost or fair value through the OCI, are held for collection of contractual cash flows where those cash flows represent solely 'principal and interest payments (SPPI)'. This evaluation is called the SPPI test and is carried out at instrument level. Financial assets with non-SPPI cash flows are classified and measured at fair value through profit or loss, regardless of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from the collection of contractual cash flows, the sale of financial assets or both. Financial assets classified and measured at amortized cost are held within a business model with the objective of holding financial assets to collect contractual cash flows, while financial assets classified and measured at fair value through OCIs are held within a business model with the objective of both owning to collect contractual cash flows and selling.

Purchases or sales of financial assets requiring delivery of assets within a time frame set by market regulations or conventions (ordinary transactions) are recognized at the trade date, i,e, at the time the Company commits to buy or sell the asset.

For the purposes of subsequent valuation, financial assets are classified in four categories:

- Financial assets at amortized cost (debt securities)
- Financial assets at fair value through OCI with recycling of accumulated gains and losses (debt instruments)
- Financial assets designated at fair value through OCIs without recycling accumulated gains and losses on derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt securities)

Financial assets at amortized cost are subsequently valued using the effective interest method (EIR) and subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company has only financial assets at amortized cost (loans receivables, trade and other receivables and bank balances).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is primarily derecognized (ie drawn from the statement of the financial position of the Company) when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has undertaken an obligation to pay fully the cash flows received, without significant delay, to a third party under a pass-through arrangement; and either (a) The Company has substantially transferred all the risks and benefits associated with the asset, or (b) the Company has neither transferred nor substantially retained all the risks and benefits associated with the asset, but has transferred control of the asset,

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through agreement, it shall assess whether and to what extent it has retained the risks and rewards of ownership. If the Company has not transferred or substantially retained all the risks and rewards of the asset, nor has it transferred control of the asset, it shall continue to recognize the transferred asset to the extent that it continues to be involved. In this case, the Company also recognizes an associated liability. The transferred asset and the associated liability are valued on a basis that reflects the rights and obligations that the Company has retained.

The continuing involvement that takes the form of a guarantee on the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of consideration that the Company may be required to repay.

Cash and short-term deposits

In the statement of financial position, cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially based on the transaction price, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Impairment

The Company applies the simplified approach of IFRS 9 for measuring expected credit losses, using a lifetime expected loss reduction (ECL) for all commercial receivables, In order to measure the expected credit losses, trade receivables are grouped on the basis of the common characteristics of credit risk and days of delay.

The expected loss rates are based on the sales payment profiles for a period of 36 months before 31 December 2023 and 1 January 2023 respectively, and the corresponding historical credit losses incurred during that period. Historical loss rates are adjusted to reflect current and future information on macroeconomic factors that affect customers' ability to settle receivables.

Trade receivables are canceled when there is no reasonable expectation of recovery. Indicators showing that there is no reasonable expectation of recovery include, inter alia, the fact that a debtor does not engage in a reimbursement plan with the Company and does not make contractual payments for a period exceeding 120 days of delay, Impairment losses on trade receivables are presented as net impairment losses in operating profit. Subsequent recoveries of previously canceled amounts are credited to the same item.

Financial liabilities

Initial recognition and assessment

Financial liabilities are classified, on initial recognition, as financial liabilities at fair value through profit or loss, or other liabilities, or as derivatives designated as hedging instruments in effective hedge, as applicable.

All financial liabilities are initially recognized at fair value and, in the case of other liabilities, at the net amount of directly attributable transaction costs.

The financial liabilities of the Company include trade and other payables as well as loans, including bank overdrafts.

Subsequent assessment

For the purposes of subsequent valuation, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortized cost (trade and other payables and loans).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading shall be recognized in the profit and loss account.

Financial liabilities designated at initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the criteria in IFRS 9 are met. The Company did not designate any financial liability as at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other financial liabilities at amortized cost

This is the most relevant category for the Company. After initial recognition, interest-bearing loans and loans are subsequently valued at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

The amortized cost is calculated by taking into account any reduction or acquisition premium and fees or costs that form an integral part of the EIR. The amortization of the EIR is included as financial costs in the profit and loss account.

Derecognition

A financial liability is derecognized when the obligation arising from that liability is satisfied, canceled or expires. Where an existing financial liability is replaced by another debt on substantially different terms from the same creditor, or where the conditions of an existing claim are substantially changed, such exchange or such modification shall be treated as derecognition of the original debt and recognition of a new claim. The difference between those carrying amounts is recognized in the profit or loss account.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of the financial position if there is a currently applicable legal right to clear amounts recognized and if there is an intention to settle on a net basis, realize assets and settle liabilities simultaneously.

Measuring fair value

Fair value is the price that would have received to sell an asset or paid to transfer a liability to an orderly transaction between market participants at the measurement date. The Company shall measure the fair value of an asset or liability on the basis of assumptions that market

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

participants would use when pricing the asset or liability, assuming that they act to obtain maximum economic benefits.

The Company shall use valuation techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable data and minimizing the use of unobservable data, All assets and liabilities that are measured at fair value in the financial statements shall be included in the fair value hierarchy, depending on the nature of the input data, as follows:

- Level 1 — quoted prices on active markets for identical assets or liabilities that the entity can access at the valuation date;
- Level 2 — data other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly;
- Level 3 — input data for the asset or liability, fair value in accordance with applied accounting policies. The carrying amount of the Company's main assets and liabilities (cash, trade receivables and other receivables, trade receivables and other current receivables) is close to their fair value at the reporting date.

Current versus non-current classification

The Company shall disclose the assets and liabilities in the statement of financial position on the basis of the current/long-term classification. An asset is current when:

It is expected that they will be made or are intended to be sold or consumed within the normal operating cycle:

- Held primarily for trading purposes
- Expected to be achieved within twelve months of the reporting period

Or

- Cash or cash equivalent, unless it cannot be exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as long-term.

A liability is current when:

- It is expected to be settled within the normal operating cycle,
- It is primarily held for the purpose of trading
- It must be settled within twelve months after the reporting period,

Or

- There is no unconditional right to postpone the settlement of the debt for at least twelve months after the reporting period.

The Company classifies all other liabilities as long-term.

Deferred tax assets and liabilities are classified as assets and long-term receivables.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued, is presented as a share premium.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

Dividend income

Dividend income is recognised in profit or loss on the date on which the Company's right to receive it is established.

Venituri financiare și costuri financiare

Interest income and expenses are measured and recognised using the effective interest method, as prescribed by IFRS 9 Financial Instruments. Interest income and expense, as gained or incurred, are included in the statement of profit or loss within "Finance income" and "Finance costs".

Taxation

Income tax expenses consist of current tax and deferred tax.

❖ *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

❖ *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current tax and deferred tax for the financial year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position. The Company does not grant long term or post-employment benefits.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in accordance with the IFRS as adopted by the European Union requires the Company's management to use estimates and assumptions that affect the application of accounting policies, as well as the reported value of assets and liabilities. The related estimates and judgments are based on historical data and other factors considered to be relevant in the given circumstances, and the result of these factors forms the basis of the judgments used in determining the accounting value of assets and liabilities for which there are no other valuation sources available. Actual results may differ from estimated values.

Estimates and judgments are continuously reviewed. Revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the current period and future periods, if the revision affects both the current period and future periods.

The estimates and assumptions are used mainly in:

- estimated impairment of investments;
- leases, estimating the incremental borrowing rate.

4. INVESTMENT IN SUBSIDIARIES

Subsidiaries

The company's subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation	Ownership held by the Company		
			31.12.2023 (audited)	31.12.2022 (unaudited)	31.12.2021 (unaudited)
Evolor SRL	Varnishes, paints and decorative plasters	Romania	100%	100%	100%
Electroplast SRL	Copper and aluminum electric cables	Romania	99.999975%	-	-
Bico Industries SA	Fiberglass and fiberglass reinforcement	Romania	60%	70%	70%
Eco Euro Doors SRL	Doors for residential buildings	Romania	100%	100%	-
Colorock SRL	Holding company	Romania	-*	-*	100%
Doorsrock4 SRL	Holding company	Romania	-**	100%	-
Nativerock1 SRL	Holding company	Romania	-***	100%	-
Dial SRL	Edged panels and fencing mesh	Romania	100%	100%	-

**On 20 December 2022, the merger between Colorock SRL and Evolor SRL (former Sarcom SRL) took place, through which the SPV - Colorock SRL was absorbed by Evolor SRL*
*** On 20 July 2023, the merger between Eco Euro Doors SRL and Doorsrock4 SRL took place, through which the SPV - Doorsrock4 SRL was absorbed by Eco Euro Doors SRL*
**** On 31 July 2023, the merger between Dial SRL and Nativerock1 SRL took place, through which the SPV - Nativerock1 SRL was absorbed by Dial SRL*

4. INVESTMENT IN SUBSIDIARIES(CONTINUED)

The tables below provide summarised financial information about investments held in subsidiaries:

As at 31 December 2023 (audited)	Carrying value of investment		
Name of subsidiary	Gross value	Value adjustments	Net value
Evolor SRL	100	-	100
Electroplast SRL	45,750,989	-	45,750,989
Bico Industries SA	71,022,300	(8,720,542)	62,301,758
Eco Euro Doors SRL*	36,239,684	-	36,239,684
Dial SRL**	7,000,100	-	7,000,100
Total	**160,013,173**	**(8,720,542)**	**151,292,631**

As at 31 December 2022 (unaudited)	Carrying value of investment		
Name of subsidiary	Gross value	Value adjustments	Net value
Evolor SRL	100	-	100
Bico Industries SA	71,012,300	(12,385,542)	58,626,758
Doorsrock4 SRL*	31,270,184	-	31,270,184
Nativerock1 SRL**	100	-	100
Total	**102,282,684**	**(12,385,542)**	**89,897,142**

As at 31 December 2021 (unaudited)	Carrying value of investment		
Name of subsidiary	Gross value	Value adjustments	Net value
Evolor SRL	100	-	100
Bico Industries SA	71,012,300	-	71,012,300
Colorock SRL*	100	-	100
Total	**71,012,500**	**-**	**71,012,500**

At the end of each financial year, the Company's management assesses the recoverable amount of its investments. Thus, as at 31 December 2022, the Company decided to take a conservative approach to the value of its investment held in Bico Industries and considering a list of internal and external indicators recorded an impairment in amount of RON 12.4 million.

As at 31 December 2023, the Company's management reassessed the recoverability of the net book value of its investments and decided based on the valuation report issued by an independent valuer authorized by ANEVAR, to reverse a part in amount of RON 3.7 million from the impairment recorded as at 31 December 2022 for the investment held in Bico Industries.

Significant favorable changes in the estimate of recoverable amount

In 2023 the structure of this segment changes – BICO purchased two new subsidiaries – Iranga and Europlas Lux in 2023; these entities were acquired to consolidate the Group but also to create new lines of revenues and further synergies at BICO Group level. The main significant change in the assumptions used to determine recoverable amount for Bico segment is due to increase in EBITDA estimated for the next 5 years and long term growth rate that increased from 2% in 2022 to 2.6% in 2023. Bico revenues are estimated to increase due to new acquisitions in 2023. EBITDA margin improved compared to prior year impairment test (range for 2022 was between 14% and 17% while EBITDA margin range estimated up to 2028 in 2023 is between 11% and 19%. EBITDA margin has improved due to synergies obtained from acquisition of Terra and Iranga. WACC used in 2023 remained almost constant in 2023 (14.0% in 2022 vs 14.37% in 2023).

At the level of the other shareholdings held by the Company there were no indications of impairment.

The Company performed an impairment test for investments in subsidiaries as at 31 December 2023, according to IAS 36 Impairment of assets. No impairment adjustments were

4. INVESTMENT IN SUBSIDIARIES(CONTINUED)

identified as a result of this analysis therefore no impairment adjustment was booked.

Parent company

The immediate and ultimate holding company of the Company is Roca Investments SA which owns 61% (2022: 61%) of its ordinary shares is based in Romania.

5. OTHER CURRENT FINANCIAL ASSETS

	31 December 2023 (audited)	31 December 2022 (unaudited)	31 December 2021 (unaudited)
Loans granted to related parties	76,045,741	72,518,360	31,422,150
Interest receivables on loans to related parties	8,084,899	2,498,307	172,466
Dividends receivables	1,634,383	4,677,019	-
Other receivables from related parties	642,217	777,281	-
Advances paid for acquisitions of raw materials	30,294	-	-
Other receivables	3,233	3,308	-
	86,440,767	**80,474,275**	**31,594,616**

5. OTHER CURRENT FINANCIAL ASSETS (CONTINUED)

Subsidiary	Type of loan	Interest rate	Maturity	31-Dec-23 (audited)		31-Dec-22 (unaudited)		31-Dec-21 (unaudited)	
				Loan	Interest payable	Loan	Interest payable	Loan	Interest payable
Evolor	Related party loan	6%	25/11/2023	24,000,000	3,068,000	24,000,000	1,608,000	24,000,000	148,000
Evolor	Related party loan	ROBOR 1M +2.5%	18/11/2023	5,099,691	503,780	5,099,691	54,759	-	-
Bico	Related party loan	4%	30/06/2023	-	-	7,421,100	93,535	7,422,150	24,466
Bico	Related party loan	4%	13/03/2023	-	-	4,947,400	99,970	-	-
Bico	Related party loan	EURIBOR 1M + 3,5%	03/04/2024	4,477,140	28,410	-	-	-	-
Doorsrock4	Related party loan	6%	16/05/2023	-	-	6,431,620	249,761	-	-
Doorsrock4	Related party loan	EURIBOR 1M + 3%	16/12/2023	-	-	1,731,590	3,266	-	-
Nativerock1	Related party loan	6%	19/09/2023	-	-	22,886,959	389,016	-	-
Eco Euro Doors	Related party loan	6%	16/05/2024	6,466,980	644,542	-	-	-	-
Eco Euro Doors	Related party loan	EURIBOR 1M + 3%	16/12/2024	1,741,110	112,259	-	-	-	-
Eco Euro Doors	Related party loan	ROBOR 1M + 2%	27/07/2024	2,000,000	70,601	-	-	-	-
Dial	Related party loan	6%	30/09/2024	17,001,793	1,835,622	-	-	-	-
Dial	Related party loan	EURIBOR 1M + 3.3%	29/08/2024	5,969,520	145,098	-	-	-	-
Electroplast	Related party loan	NBR reference interest rate	31/12/2024	2,984,760	961,225	-	-	-	-
Electroplast	Related party loan	6%	31/12/2024	1,274,507	39,085	-	-	-	-
Electroplast	Related party loan	ROBOR 1M + 3%	31/12/2024	994,920	46,275	-	-	-	-
Electroplast	Related party loan	NBR reference interest rate	31/12/2024	678,440	483,323	-	-	-	-
Electroplast	Related party loan	ROBOR 1M + 3.5%	31/12/2023	2,000,000	98,133	-	-	-	-
Electroplast	Related party loan	NBR reference interest rate	31/12/2024	1,356,880	48,546	-	-	-	-
				76,045,741	**8,084,899**	**72,518,360**	**2,498,307**	**31,422,150**	**172,466**

6. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022 Unaudited	31 December 2023 Unaudited
Cash at bank and in hand	120,198	534,347	74,391,333
Deposits at call	500,000	1,500,000	-
	620,198	**2,034,347**	**74,391,333**

7. SHARE CAPITAL

	31 December 2023		31 December 2022 Unaudited		31 December 2021 Unaudited	
	No.	RON	No.	RON	No.	RON
Share capital						
Authorised ordinary shares	17,694,573	176,945,730	17,694,573	176,945,730	17,694,573	176,945,730

The paid-in subscribed capital consists of: RON 105.9 million, representing the paid-up subscribed capital, and RON 71 million, representing the contribution in-kind of 70% of the shares of Bico Industries SA.

	Balance as at 31 December 2023 (audited)		
Shareholders' structure:	**No of shares**	**Amount in RON**	**% in total**
Roca Investments	10,757,557	107,575,570	61%
Other	6,937,016	69,370,160	39%
Total	**17,694,573**	**176,945,730**	**100%**

	Balance as at 31 December 2022 (unaudited)		
Shareholders' structure:	**No of shares**	**Amount in RON**	**% in total**
Roca Investments	10,757,557	107,575,570	61%
Other	6,937,016	69,370,160	39%
Total	**17,694,573**	**176,945,730**	**100%**

	Balance as at 31 December 2021 (unaudited)		
Shareholders' structure:	**No of shares**	**Amount in RON**	**% in total**
Roca Investments	10,595,767	105,957,670	60%
Other	7,098,806	70,988,060	40%
Total	**17,694,573**	**176,945,730**	**100%**

8. BORROWINGS

	31.12.2023 (audited)	31.12.2022 (unaudited)	31.12.2021 (unaudited)
Unsecured borrowing at amortised cost	-	-	-
Loans from related parties	11,944,120	4,947,400	-
	11,944,120	**4,947,400**	**-**
Non-current	-	-	-
Current	11,944,120	4,947,400	-

The company has no bank loans, only the above loan from the main shareholder. This loan is not guaranteed.

9. LEASES

Amounts recognised in the statement of financial position

Right-of-use assets

	Rights of use: Buildings	Rights of use: Vehicles	Total
Cost			
At 1 January 2021 (unaudited)	-	-	-
Additions	-	523,302	523,302
Disposals	-	-	-
At 1 January 2022 (unaudited)	**-**	**523,302**	**523,302**
Additions	37,899	586,593	624,492
Disposals	-	-	-
At 31 December 2022 (unaudited)	**37,899**	**1,109,895**	**1,147,794**
Additions	-	84,987	84,987
Disposals	(37,899)	(578,752)	(616,651)
At 31 December 2023 (audited)	**-**	**616,130**	**616,130**
Accumulated depreciation			
At 1 January 2021 (unaudited)	-	-	-
Charge for the year	-	(10,680)	(10,680)
Eliminated on disposals	-	-	-
At 1 January 2022 (unaudited)	**-**	**(10,680)**	**(10,680)**
Charge for the year	(17,492)	(218,134)	(235,626)
Eliminated on disposals	-	-	-
At 31 December 2022 (unaudited)	**(17,492)**	**(228,814)**	**(246,306)**
Charge for the year	(20,407)	(182,099)	(202,506)
Eliminated on disposals	37,899	187,182	225,081
At 31 December 2023 (audited)	**-**	**(223,731)**	**(223,731)**

9. LEASES(CONTINUED)

	Rights of use: Buildings	Rights of use: Vehicles	Total
Carrying amount			
At 31 December 2023 (audited)	**-**	**392,399**	**392,399**
At 31 December 2022 (unaudited)	**20,407**	**881,081**	**901,488**
At 31 December 2021 (unaudited)	**-**	**512,622**	**512,622**

The average lease term is 2 years (2022: 2 years).

Lease liabilities

Maturity analysis:	**31 December 2023 (audited)**	**31 December 2022 (unaudited)**	**31 December 2021 (unaudited)**
Present value of lease liabilities	**417,668**	**942,614**	**540,937**
Out of which:			
not later than 3 months	41,271	89,965	34,528
later than 3 months and not later than 1 year	123,812	250,600	103,584
later than 1 year and not later than 5 years	252,585	602,049	402,825
later than 5 years	-	-	-
Less: unearned interest	**(20,460)**	**(38,648)**	**(28,792)**
Total	**397,208**	**903,966**	**512,145**
Analysed as follows:			
Current	153,606	319,467	125,549
Non-current	243,602	584,499	386,596

Amounts recognised in profit and loss

	2023 (audited)	**2022 (unaudited)**	**2021 (unaudited)**
Depreciation expense on right-of-use assets	(202,506)	(235,626)	(10,680)
Interest expense on lease liabilities	(15,565)	(71,915)	(426)
Expense relating to variable lease payments	(223,786)	(63,666)	-
Expense relating to short-term and low value leases	(104,468)	(62,988)	(2,330)

10. DEFFERED TAX

Deferred tax assets

	31 December 2023 (audited)	31 December 2022 (unaudited)	31 December 2021 (unaudited)
The balance comprises temporary differences attributable to:			
Lease liabilities	63,553	144,634	81,944
Total deferred tax assets	**63,553**	**144,634**	**81,944**
Set-off of deferred tax liabilities pursuant to set-off provisions	(62,784)	(144,238)	-
Net deferred tax assets	**769**	**396**	**-**

Deferred tax liabilities

	31 December 2023 (audited)	31 December 2022 (unaudited)	31 December 2021 (unaudited)
The balance comprises temporary differences attributable to:			
Right-of-use assets	62,784	144,238	82,020
Total deferred tax liabilities	62,784	144,238	82,020
Set-off of deferred tax assets pursuant to set-off provisions	(63,553)	(144,634)	(81,944)
Net deferred tax liabilities	-	-	**76**

Reconciliation of (DTL)/DTA, net	2023	2022	2021
At 1 January	396	(76)	-
Tax income recognised in profit or loss	373	472	(76)
As at 31 December	**769**	**396**	**(76)**

10. DEFFERED TAX(CONTINUED)

Movements	Lease liabilities	Total
At 1 January 2021	-	-
(Charged)/credited		
- to profit or loss	81,944	81,944
- to other comprehensive income	-	-
At 1 January 2022 - Unaudited	**81,944**	**81,944**
(Charged)/credited		
- to profit or loss	62,690	62,690
- to other comprehensive income	-	-
At 31 December 2022 - Unaudited	**144,634**	**144,634**
(Charged)/credited		
- to profit or loss	(81,081)	(81,081)
- to other comprehensive income	-	-
At 31 December 2023	**63,553**	**63,553**

Movements	Right-of-use assets	Total
At 1 January 2021	**-**	**-**
(Charged)/credited		-
- to profit or loss	(82,020)	(82,020)
- to other comprehensive income	-	-
At 1 January 2022 - Unaudited	**(82,020)**	**(82,020)**
(Charged)/credited		
- to profit or loss	(62,218)	(62,218)
- to other comprehensive income	-	-
At 31 December 2022 - Unaudited	**(144,238)**	**(144,238)**
(Charged)/credited		-
- to profit or loss	81,454	81,454
- to other comprehensive income	-	-
At 31 December 2023	**(62,784)**	**(62,784)**

11. TRADE AND OTHER PAYABLES

	31 December 2023 (audited)	31 December 2022 (unaudited)	31 December 2021 (unaudited)
Sustainability advisory fees	5,281	140,587	-
Human resources advisory fees	84,012	29,144	-
Marketing and communication advisory fees	130,341	25,224	-
Investor relations advisory fees	17,736	17,662	17,665
Legal consultancy fee	182,979	-	-
Interest payable to related parties	740,471	171,397	-
Other taxes to state budget	27,465	21,269	-
Payables to shareholders	56,426,796	-	-
Interim dividends	-	1,500,000	-
Financial services advisory fees	-	-	1,613,593
Other payables	342,927	94,205	210,814
	57,958,008	**1,999,488**	**1,842,072**

12. EMPLOYEE BENEFITS EXPENSES

	2023 (audited)	2022 (unaudited)
Wages and salaries	(2,829,971)	(1,373,612)
Social security contributions	(99,149)	(32,657)
	(2,929,120)	**(1,406,269)**

13. FINANCE INCOME AND FINANCE COSTS

Finance costs	2023 (audited)	2022 (unaudited)
Interest on loans	(615,461)	(171,397)
Interest on lease liabilities	(15,565)	(20,771)
Bank commissions	(5,483)	(2,090)
	(636,509)	**(194,258)**
Finance income		
Interest income	5,073,384	2,882,136
Dividends income	1,500,000	3,177,019
Net foreign exchange gains	208,553	59,305
	6,781,937	**6,118,460**

14. OTHER OPERATING EXPENSES

	2023 (audited)	2022 (unaudited)
Audit fees	(294,061)	(26,485)
Evaluation fee	(56,065)	(44,168)
Marketing expenses	(347,711)	(226,098)
Expenses with third parties services	(1,516,941)	(826,348)
Rent	(328,254)	(126,654)
Transportation costs	(84,840)	-
Expense with energy and water	(28,050)	(8,581)
Tax expenses	(18,345)	-
Repairs and maintenance costs	(2,035)	-
Insurance costs	(1,723)	-
Commissions	-	(11,244)
Other expenses	(174,513)	(80,731)
	(2,852,537)	**(1,350,309)**

15. INCOME TAX

	2023 (audited)	2022 (unaudited)
Current tax	-	(28,835)
Deferred tax (see note 10)	373	472
Income tax (benefit)/expense	**373**	**(28,363)**

The charge for the year can be reconciled to the profit before tax as follows:

	2023 (audited)	2022 (unaudited)
Profit before tax on continuing operations	3,263,620	(9,800,623)
Tax at the Romanian corporation tax rate of 16 % (2022: 16%)	522,179	(1,568,100)
Tax effect of expenses that are not deductible in determining taxable profit	-	-
Unrecognised deferred tax assets	(522,552)	1,567,628
Income tax reductions	-	-
Other tax effects	-	28,835
Tax expense for the year	**(373)**	**28,363**

16. RELATED PARTIES

Parent entity:

The company is controlled by:

Name	Type	Place of incorporation	Ownership interest 31.12.2023 (audited)	Ownership interest 31.12.2022 (unaudited)	Ownership interest 31.12.2021 (unaudited)
Roca Investments SA	Immediate parent entity	Romania	61%	61%	60%

16. RELATED PARTIES (CONTINUED)

Subsidiaries:

Interests in subsidiaries are set out in note 4.

Key management personnel compensation:

	2023 (audited)	2022 (unaudited)
Short-term employee benefits	(2,929,120)	(1,406,269)

No other types of compensation are granted to key management personnel.

Loans to/from related parties

Loans from parent entity

	2023 (audited)	2022 (unaudited)	2021 (unaudited)
Beginning of the year	**4,947,400**	-	-
Loans advanced	11,879,980	12,247,400	-
FX gains	54,940	-	-
Loan repayments made	(4,938,200)	(7,300,000)	-
End of year	**11,944,120**	**4,947,400**	**-**

Interest payable

	2023 (audited)	2022 (unaudited)	2021 (unaudited)
Beginning of the year	**171,397**	-	-
Interest charged	566,914	171,397	-
FX gains	2,160	-	-
Interest paid	-	-	-
End of year	**740,471**	**171,397**	**-**

Loans to related parties

	2023 (audited)	2022 (unaudited)	2021 (unaudited)
Beginning of the year	**72,518,360**	**31,422,150**	**-**
Loans advanced	13,867,160	59,019,303	31,422,150
Payments received for loans advanced	(12,917,200)	(17,923,093)	-
Payment for increase of share capital of subsidiary	(7,000,000)	-	-
Transfer of receivables	9,277,678	-	-
FX gains	299,743	-	-
End of year	**76,045,741**	**72,518,360**	**31,422,150**

16. RELATED PARTIES (CONTINUARE)

Interest Receivables	2023 (audited)	2022 (unaudited)	2021 (unaudited)
Beginning of the year	**2,498,307**	**172,466**	**-**
Interest income	5,073,384	2,882,136	172,466
Interest received	(814,207)	(556,295)	-
Transfer of receivables	1,311,563	-	-
FX gains	15,852	-	-
End of year	**8,084,899**	**2,498,307**	**172,466**

Other balances with related parties

	31 December 2023 (audited)	31 December 2022 (unaudited)	31 December 2021 (unaudited)
Dividends receivables	1,634,383	4,677,019	-
Other receivables from related parties	642,217	777,281	-

17. FINANCIAL RISK MANAGEMENT

General risk management framework

The company's Board of Directors has overall responsibility for establishing and overseeing the risk management framework. The company's risk management policies are defined in such a way as to ensure the identification and analysis of the risks faced by the company, the establishment of appropriate limits and controls, and the monitoring of risks and compliance with established limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the company's activities.

The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Financial instruments by category

Assets	31 December 2023 (audited)	31 December 2022 (unaudited)	31 December 2021 (unaudited)
	RON	RON	RON
Cash and cash equivalents	620,198	2,034,347	74,391,333
Other current financial assets	86,440,767	80,474,275	31,594,616
	87,060,965	**82,508,622**	**105,985,949**

Liabilities	31 December 2023 (audited)	31 December 2022 (unaudited)	31 December 2021 (unaudited)
	RON	RON	RON
Borrowings	11,944,120	4,947,400	-
Lease liabilities	153,606	319,467	125,549
Trade and other payables	57,958,008	1,999,488	1,842,072
	70,055,734	**7,266,355**	**1,967,621**

All financial assets and liabilities are measured at amortized cost. Their carrying values approximates their fair values

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management

i) Market risk

a. Foreign exchange risk management

The company is exposed to foreign exchange risk due to the fact that loans granted in subsidiaries are in euro, also de finance lease and the loan from parent company. Roca Industry constantly monitors and manages the exposure to exchange rate variations. The accounting value of the company's monetary assets and liabilities denominated in foreign currencies at the reporting date was as follows:

Liabilities	31-Dec-23 (audited)				31-Dec-22 (unaudited)		
	RON	EUR	USD	Total	RON	EUR	Total
Borrowings	1,000,000	10,944,120	-	11,944,120	-	4,947,400	4,947,400
Finance lease	-	397,208	-	397,208	-	903,966	903,966
Trade and other payables	57,379,659	578,309	40	57,958,008	1,988,292	11,196	1,999,488
	58,379,659	**11,919,636**	**40**	**70,299,336**	**1,988,292**	**5,862,562**	**7,850,854**

Assets	31-Dec-23 (audited)				31-Dec-22 (unaudited)		
	RON	EUR	USD	Total	RON	EUR	Total
Cash and cash equivalents	619,798	400	-	620,198	2,034,352	(5)	2,034,347
Other current financial assets	41,714,287	44,726,480	-	86,440,767	36,216,843	44,257,432	80,474,275
	42,334,085	**44,726,880**	-	**87,060,965**	**38,251,195**	**44,257,427**	**82,508,622**
Net balance assets/(liabilities)	**(16,045,574)**	**32,807,243**	**(40)**	**16,761,629**	**36,262,903**	**38,394,865**	**74,657,768**

Liabilities	31-Dec-21 (unaudited)		
	RON	EUR	Total
Finance lease	-	512,145	512,145
Trade and other payables	1,842,072	-	1,842,072
	1,842,072	**512,145**	**2,354,217**

Assets			31-Dec-23
	RON	EUR	Total
Cash and cash equivalents	74,391,333	-	74,391,333
Other current financial assets	24,148,000	7,446,616	31,594,616
	98,539,333	**7,446,616**	**105,985,949**
Net balance assets/(liabilities)	**96,697,261**	**6,934,471**	**103,631,732**

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	2023 (audited)	2022 (unaudited)
Net foreign exchange gains	210,527	59,305

b. Exchange rate sensitivity analysis

An appreciation/(depreciation) of the EUR compared to the RON, would increase/(decrease) the profit or loss by the amounts shown below:

EUR sensitivity		**2023 (audited)**		**2022 (unaudited)**		**2021 (unaudited)**
	10%	**-10%**	**10%**	**-10%**	**10%**	**-10%**
Liabilities	(1,192,060)	1,192,060	(586,209)	586,209	(51,210)	51,210
Less: Income tax	(190,730)	190,730	(93,793)	93,793	(8,194)	8,194
Profit or loss	(1,001,330)	1,001,330	(492,415)	492,415	(43,017)	43,017
Assets	4,473,048	(4,473,048)	4,425,385	(4,425,385)	744,601	(744,601)
Less: Income tax	715,688	(715,688)	708,062	(708,062)	119,136	(119,136)
Profit or loss	3,757,360	(3,757,360)	3,717,323	(3,717,323)	625,465	(625,465)
Net profit/(loss)	**2,756,030**	**(2,756,030)**	**3,224,908**	**(3,224,908)**	**582,448**	**(582,448)**

ii) Liquidity risk management

Liquidity risk is the risk that the company may not be able to meet its financial obligations as they become due.

Roca industry approach to liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to pay its debts when they become due. To counteract this risk factor, the management applied restrictive policies for the delivery of products to uncertain customers, requested in certain cases advance payment of the delivered products and made a careful selection of new customers based on their credit worthiness and financial discipline.

Trade receivables and payables and other current payables are not interest-bearing, therefore their carrying amount is similar to their contractual value. The situation of assets and receivables according to maturity is presented below:

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

31-Dec-23 (audited)	Less than 3 months	3 months to 1 year	1-5 Years	> 5 Years	Total contractual value
Liabilities					
Borrowings	1,000,000	10,944,120	-	-	11,944,120
Trade and other payables	58,165,929	-	-	-	58,165,929
Leasing	41,271	123,812	252,585	-	417,668
Total	**59,207,200**	**11,067,932**	**252,585**	**-**	**70,527,717**
Assets					
Cash and cash equivalents	620,198	-	-	-	620,198
Loans to related parties	31,099,691	44,946,050	-	-	76,045,741
Other receivables	10,395,026	-	-	-	10,395,026
Total	**42,114,915**	**44,946,050**	**-**	**-**	**87,060,965**
Net assets/(liabilities)	**(17,092,285)**	**33,878,118**	**(252,585)**	-	**16,533,248**

31-Dec-22 (unaudited)	Less than 3 months	3 months to 1 year	1-5 Years	> 5 Years	Total contractual value
Liabilities					
Borrowings	-	4,947,400	-	-	4,947,400
Trade and other payables	2,254,256	-	-	-	2,254,256
Leasing	89,965	250,600	602,049	-	942,614
Total	**2,344,221**	**5,198,000**	**602,049**	**-**	**8,144,270**
Assets					
Cash and cash equivalents	2,034,347	-	-	-	2,034,347
Loans to related parties	4,947,400	67,570,960	-	-	72,518,360
Other receivables	7,955,915	-	-	-	7,955,915
Total	**14,937,662**	**67,570,960**	**-**	**-**	**82,508,622**
Net assets/(liabilities)	**12,593,441**	**62,372,960**	**(602,049)**	-	**74,364,352**

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

31-Dec-21 (unaudited)	Less than 3 months	3 months to 1 year	1-5 Years	> 5 Years	Total contractual value
Liabilities					
Borrowings	-	-	-	-	-
Trade and other payables	1,847,143	-	-	-	1,847,143
Leasing	34,528	103,584	402,825	-	540,937
Total	**1,881,671**	**103,584**	**402,825**	**-**	**2,388,080**
Assets					
Cash and cash equivalents	74,391,333	-	-	-	74,391,333
Loans to related parties	-	31,422,150	-	-	31,422,150
Other receivables	172,466	-	-	-	172,466
Total	**74,563,799**	**31,422,150**	**-**	**-**	**105,985,949**
Net assets/(liabilities)	**72,682,128**	**31,318,566**	**(402,825)**	**-**	**103,597,869**

18. CAPITAL MANAGEMENT

The company's objective related to capital management refers to maintaining the ability to continue its activity with the aim of providing compensation to shareholders and benefits to other interested parties and to maintain an optimal capital structure.

The company monitors capital based on the degree of indebtedness, calculated as net debt divided by total capital.

Net debt = total loans (current and long-term loans) minus cash and cash equivalents.

Total capital = equity plus net debt.

Gearing ratio		31 December 2023 (audited)	31 December 2022 (unaudited)	31 December 2021 (unaudited)
Cash and cash equivalents	1	620,198	2,034,347	74,391,333
Borrowings	2	-	-	-
Lease liabilities	3	397,208	903,966	512,145
Net debt	4=2+3-1	**(222,990)**	**(1,130,381)**	**(73,879,188)**
Total equity	5	168,337,704	165,256,691	175,151,707
Net debt to equity ratio	4/5*100	Liabilities are lower than cash balance, the Company is in a net asset position.		

Loan covenants

At the date of preparation of these financial statements, two subsidiaries for which Roca Industry acts as guarantor in the LBO loan agreements, did not comply with the financial covenants stipulated in the aforementioned agreements (such as leverage and DSCR) and obtained bank exemptions for failing to meet banking indicators.

According to the contractual conditions, depending on the degree of non-compliance of financial covenants, the bank requests the blocking of certain amounts in an account at the Bank's disposal, which will be released when the company will meet the banking indicators.

Dividends

No dividends were distributed to the owners of the parent company during the reporting periods.

19. COMMITMENTS AND CONTINGENCIES

Taxation

All amounts owed to the State for taxes have been paid or recorded at the balance sheet date. The tax system in Romania is undergoing consolidation and harmonization with European legislation, and there can be different interpretations by the tax authorities in connection with tax law that may give rise to additional taxes and penalties. In cases when the state authorities identify non-compliances with or violations of the Romanian laws, the following may occur: seizure of the amounts concerned, imposing additional tax liabilities, fines, penalties for delays (applied to the remaining amounts payable). Therefore, tax sanctions arising from violations of the law can lead to significant amounts payable to the State.

The company consider that it has paid all fees, taxes, penalties and penalty interests on time and in full, to the extent it was applicable.

In Romania, tax periods are open for audits for a period of 5 years.

Geopolitical tensions

The invasion of Ukraine by the Russian Federation and the development of the conflict with global impact could have a significant impact on companies with physical operations in Ukraine, Russia and Belarus, as well as on entities with indirect interests (e.g. those with clients and suppliers, investments and creditors with operations in these countries). Also, the sanctions imposed on the Russian government, Russian entities and Russian individuals in many jurisdictions could affect companies, such as by losing access to financial resources and trade, but also by the side effects of sanctions on global prices (e.g. oil, natural gas and other petroleum products). The effects of the conflict are widespread and rapidly evolving. Companies that do not have operations in Russia and Ukraine could still be affected by the conflict, the effects including, but not limited to:

- Destruction, confiscation or abandonment of tangible and intangible property / assets;
- Sanctions imposed on a company that may impact its ability to operate (eg access to funds, banking systems, etc.);
- Sanctions imposed on the clients of a company, which can impact its ability to sell goods and services and collect receivables;
- Sanctions imposed on a company's suppliers, which may impact its ability to obtain raw materials, goods and services, or which may indirectly increase its costs of obtaining these elements from alternative sources;
- Sanctions imposed on creditors and / or banks of an entity, which may limit its capacity to access financing;
- Changes in the approach of customers and consumers on companies connected with Russia, Belarus or other jurisdictions related to the Russian Federation, which could reduce the demand for products of those companies;
- Changes in risk appetite that may lead to the situation in which creditors and investors withdraw their financial support for companies with ties to Russia, resulting in an increased liquidity risk and / or doubts about the continuity of the activity of those companies;
- Volatility in the prices of financial instruments and commodities, including oil, natural gas, other petroleum products and minerals, but also volatility in foreign exchange rates.

However, based on the information available at the time of preparation of this report, the Company's management has not identified any concrete potential risks related to the Russia-Ukraine conflict, so no significant impact on the current course of operations is estimated. The Company's direct exposure to business partners affected by the sanctions imposed since the conflict began (customers, suppliers, banking institutions with which the Company

19. COMMITMENTS AND CONTINGENCIES (CONTINUED)

collaborates, who have been directly affected by the sanctions, as well as risks related to the future volatility of commodity prices or exchange rates) it is difficult to quantify. At the date of approval of these financial statements, the Company's management has no indication of any significant impact on the Company's business.

Litigations

Roca Industry has no pending litigations.

Environmental related matters

The company has not recorded any liabilities as at 31 December 2023 and 31 December 2022 for any anticipated costs, including legal fees and consulting fees or costs for design and implementation of remediation plans, related to environmental matters. The management of the company does not consider that there are significant costs associated with environmental matters related to its business activities.

Guarantees

As at 31 December 2023, the Company has issued a corporate guarantee to First Bank for the loan granted to its subsidiary, Bico Industries, in the amount of RON 1,280,000.

Contingent liabilities

Roca Industry is the guarantor in the credit contracts (LBO's) through which we acquired the following companies: Evolor SRL, Eco Euro Doors SRL and Dial SRL. The total amount of loans is RON 149,090,459 ,of which Evolor has RON 50,423,519, EED RON 56,210,313 and Dial RON 42,456,627.

20. EVENTS AFTER THE REPORTING PERIOD

SHARE CAPITAL INCREASE

On 11 January 2024, the Board of Directors approved the following

a) for a number of up to 8,431,851 New Shares, which were not subscribed during the first phase of the Share Capital Increase to be offered for subscription in a private placement addressed to certain persons from the European Union based on the exceptions allowed from the publication of a prospectus, including those provided in article 1(4), letters (a) and (b) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published in the case of a public offering of securities or the admission of securities to trading on a regulated market, and repealing Directive 2003/71/EC ("Prospectus Regulation") and/or to investors to whom such private placements may be otherwise lawfully addressed to and directed, in reliance of the exceptions in Regulation S ("Regulation S") under the U.S. Securities Act of 1933 ("U.S. Securities Act") and without the need to undertake any other formalities under any applicable law, to the extent, and only provided that, an investment in the New Shares does not constitute a violation of any applicable law by such investor.

b) that a number of 5,641,277 New Shares remaining unsubscribed after the first stage of the Share Capital Increase be issued in the private placement stage of the Share Capital Increase, as a result of the set-off of certain, liquid and enforceable claims, with a total value of 56,412,775.6 RON, held by the by Societatea de Investitii Alternative cu Capital Privat Roca Investments S.A. („Roca Investments"), as creditor, against the Company, as debtor.

20. EVENTS AFTER THE REPORTING PERIOD(CONTINUED)

RELATED PARTY LOAN

On 12 January 2024, the Board of Directors of Roca Industry approved the conclusion of a loan agreement by the Company, as a borrower, with Societatea de Investiții Alternative cu Capital Privat ROCA INVESTMENTS S.A. (majority shareholder of Roca Industry), as lender, for a total amount of EUR 1,667,000. The loan will be granted under market conditions, having repayment term until 12 April 2024, with possibility of extension for an additional period of 3 months.

ACQUISITIONS OF WORKSHOP DOORS SRL

On February 8, 2024, ROCA Industry completed the acquisition of 70% of the share capital of Workshop Doors S.R.L. ("Workshop Doors"), a company active since 2009 on the interior doors market in the region, with two production facilities, in Reghin and Petelea. With a turnover of RON 48.8 million, EBITDA of RON 12.2 million and a net profit of RON 9.0 million (estimated figures at the end of 2023 according to the financial statements currently being audited), the company exports a considerable percentage of its own production.

As a step in the completion of the acquisition of Workshop Doors, a process initiated through Eco Euro Doors ("EED", a subsidiary of ROCA Industry), the sale and purchase agreement was signed on 18 August 2023. An addendum thereto was also signed, whereby EED assigned the sale and purchase agreement to ROCA Industry, together with all related rights and obligations.

The price for the acquisition of the shares is RON 30.0 million, payable in two instalments. The first instalment, in the amount of RON 22.5 million, was paid upon completion of the transaction, the difference of RON 7.5 million (which may be adjusted depending on the fulfilment of the performance indicators established by the sale-purchase agreement) will be paid within a maximum period of 6 months.

APPROVAL OF THE ADMISSION TO TRADING OF THE COMPANY'S SHARES ON THE MAIN MARKET OPERATED BY THE BUCHAREST STOCK EXCHANGE (STANDARD CATEGORY)

In June 2023, ROCA Industry shareholders approved at the Extraordinary General Meeting of Shareholders the increase of the Company's share capital by up to RON 150 million (nominal value) through cash contribution and the conversion of some receivables against ROCA Industry from the acquisition of Electroplast, by issuing up to 15 million new shares with a nominal value of RON 10/share. At the same time, the shareholders also approved the listing of the Company on the regulated market of the BVB.

The share capital increase process was carried out in two stages, respectively between November 2023 and January 2024. The first stage was for existing shareholders at the date of registration who could exercise their pre-emptive rights to maintain their share of the total share capital (stage completed on 10 January 2024), and the second stage was for existing shareholders and other investors. At the end of the share capital increase process, a total of 7.2 million shares were subscribed, the share capital being increased from RON 176,945,730 to RON 248,672,220.

On 26 February 2024, the Board of Directors of the Bucharest Stock Exchange S.A. approved the admission to trading of all shares issued by the Company on the Main Market (Standard category) of the Bucharest Stock Exchange, starting from 11 March 2024.

These separate financial statements were approved and signed today, 27 March 2024.

ADMINISTRATOR	Prepared by,
Name and surname: Ioan-Adrian Bindea Signature ____________________	Name and surname: Valentin Albu Status: CFO Signature ____________________

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

KPMG Audit SRL
Vivido Business Center
Str. Alexandru Vaida Voevod, Nr. 16
Cluj-Napoca, 400267, Jud. Cluj
Romania
Tel: +40 (372) 377 900
Fax: +40 (753) 333 800
www.kpmg.ro

Independent Auditors' Report

(free translation[1])

To the Shareholders of Roca Industry HoldingRock1 SA

Gara Herastrau nr. 4, corp A, etaj 3, sector 2, Bucuresti
Unique Registration Code: 44987869

Opinion

1. We have audited the separate financial statements of Roca Industry HoldingRock1 SA ("the Company"), which comprise the separate statement of financial position as at 31 December 2023, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.
2. The separate financial statements as at and for the year ended 31 December 2023 are identified as follows:

• Net assets/Total equity:	Lei 168,030,857
• Net profit for the year:	Lei 3,263,993

3. In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Order of Minister of Public Finance No. 2844/2016 for approval of accounting regulations in accordance with International Financial Reporting Standards and related amendments ("OMPF no. 2844/2016") and with International Financial Reporting Standards adopted by the European Union ("IFRS EU").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company

[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.

Fiscal registration code RO12997279
Trade Registry no.J40/4439/2000
Share Capital 2,000 RON

KPMG

in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the separate financial statements in Romania and we 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.

Key Audit Matters

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

➲ Impairment of investment in subsidiaries

Impairment of investment in subsidiaries

Carrying amount of investments in subsidiaries: Lei 151,292,631 as at 31 December 2023 (Lei 89,897,142 as at 31 December 2022)

Reversal of impairment of investments: Lei 3,665,000 for the year ended 31 December 2023; Impairment of investments: Lei 12,385,542 for the year ended 31 December 2022

See Note 4 to the separate financial statements.

The key audit matter	How the matter was addressed in our audit
Investments in subsidiaries are carried at cost less impairment losses. As disclosed in note 4 to the financial statements, in prior year, the Company recognised impairment loss with respect to investment in subsidiaries. During 2022 and 2023, BICO Industries SA acquired three new businesses that are expected to lead to further efficiencies and synergies in the Roca Group including Bico Industries SA, and therefore were considered as a significant change with a favourable effect on the impaired subsidiary that indicate that an impairment loss recognised for investment in subsidiaries no longer exists or has decreased. The Company reassessed the recoverable amount as at 31 December 2023, and, as a result, the Company partially reversed the impairment loss previously recorded for the investment in Bico Industries SA. The Company engaged an external appraiser to assist management in the determination of recoverable amount. The estimate of the recoverable amount of the investments in subsidiaries involves significant judgments regarding assumptions such as future cash flows, growth rates , gross and net operating margins, net working capital requirements, capital expenditures and discount rates, as well as economic	Our audit procedures related to the Company's impairment test of investments in subsidiaries as at 31 December 2023, performed with the assistance of our own valuation specialists, included, among others, the following: – Evaluation of the value-in-use model of the subsidiaries (the "impairment model") applied to perform the annual impairment test, in the context of the relevant requirements of the applicable financial reporting standards; Evaluation of the competence, capability and objectivity of the external appraiser engaged by the Company; – We considered the sensitivity of the impairment model to changes in key assumptions, such as forecast growth rates, discount rates and cash flows, to identify assumptions at greater risk of subjectivity or inconsistency in application; – Evaluation of the Company's budgeting process by comparing historical budgets with their subsequent realization; – Evaluation of key assumptions used to

KPMG

assumptions, such as the evolution of costs, and wages in the context of the economy and inflation. In the wake of the above factors it required our increased attention during the audit and was considered to be a key audit matter.	determine the discount rate, operating cash flows, growth rate, operating margins, working capital requirements and capital expenditures. In this context, we evaluated whether certain assumptions on which the evaluation was based, at the individual level and taken as a whole, took into account: i) the economic environment of the subsidiary and industry it operates in; ii) available market information; iii) the subsidiary's business plans, including management expectations; iv) the risks associated with the cash flows, including the possible variability of the value and the moment of the occurrence of the cash flows and their effect on the sensitivity of the discount rate; v) specific requirements of the relevant financial reporting standard; vi) a comparative analysis with the general performance of similar companies and with the performance and historical financial trends of the companies in the group; – Testing the mathematical accuracy of the discounted cash flow model; – Evaluation of the adequacy of the disclosures regarding impairment testing in the notes to the separate financial statements.

Emphasis of Matter

6. We draw attention to Note 2 to the separate financial statements, which describes that these separate financial statements have been prepared for information purposes. As described in Note 2, the Company also published separate financial statements prepared in accordance with another general purpose framework, Order of Minister of Public Finance no. 1802/2014 and related amendments, on which we expressed an unmodified audit opinion in our report dated 28 March 2024. Our opinion is not modified in respect of this matter.

Other matter – Corresponding figures

7. The separate statements of financial position of the Company as at 31 December 2022 and 31 December 2021, the separate statements of profit or loss and other comprehensive income, changes in equity and the cash flows for the year ended 31 December 2022, or any of the related notes were not audited.

Other information Administrators' report

8. The members of the Board of Directors are responsible for the preparation and presentation of other information. The other information comprises the Administrators' Report, but does not include the separate financial statements and our auditors' report thereon.

   Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the separate financial statements, our responsibility is to read the other

3

KPMG

information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

9. Management is responsible for the preparation of separate financial statements that give a true and fair view in accordance with OMPF no. 2844/2016 and with IFRS EU and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility for the Audit of the Separate Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

13. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of 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.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is MIHALI HORATIU MIHAI.

Refer to the original signed Romanian version

For and on behalf of KPMG Audit S.R.L.:

MIHALI HORATIU MIHAI

registered in the electronic public register of financial auditors and audit firms under no AF3354

KPMG Audit SRL

registered in the electronic public register of financial auditors and audit firms under no FA9

Cluj-Napoca, 28 March 2024

ROCA
INDUSTRY