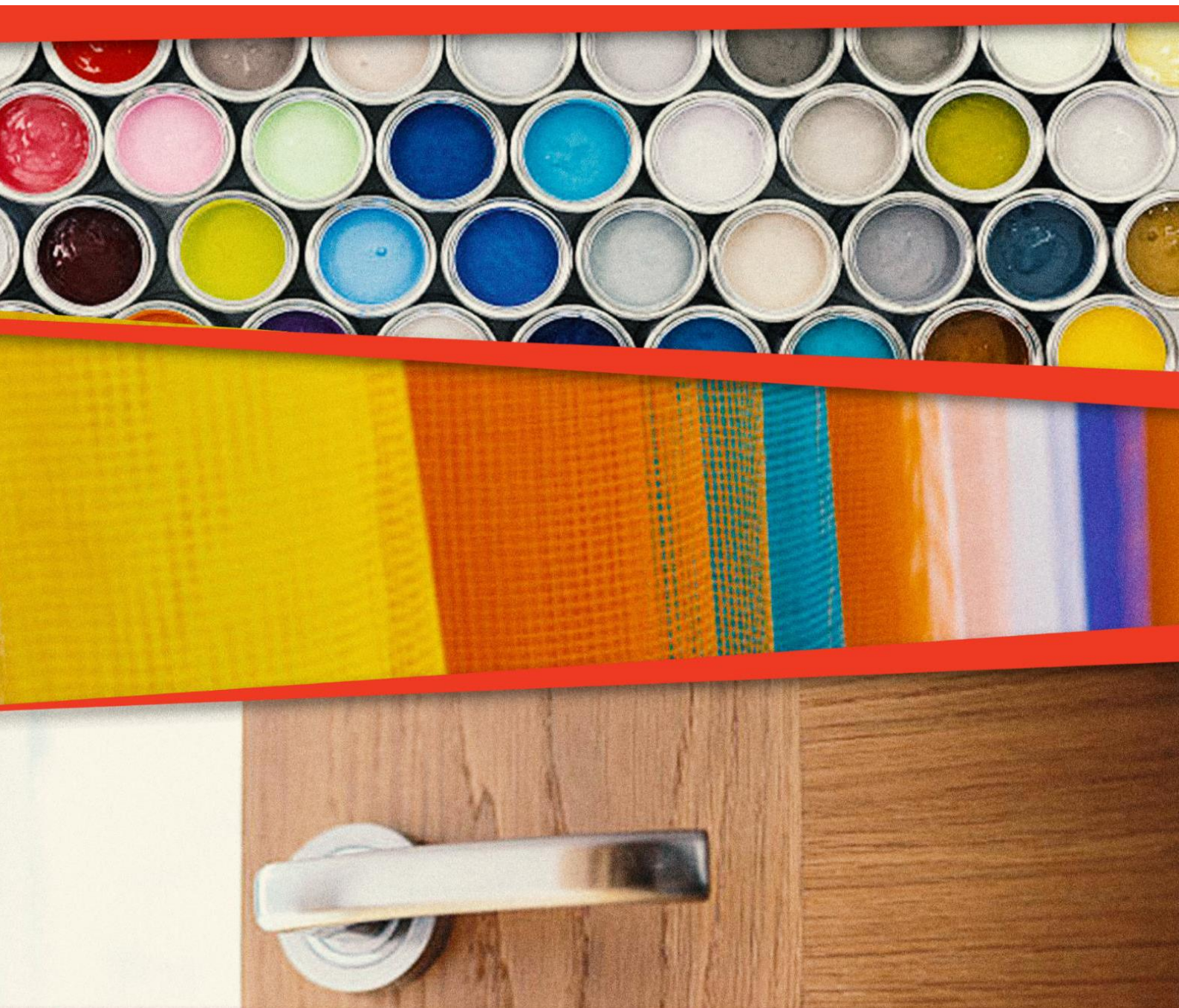


# 2022 PRELIMINARY FINANCIAL REPORT

Company listed on the AeRO market  
of the Bucharest Stock Exchange



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# ISSUER INFORMATION

## INFORMATION ABOUT THIS FINANCIAL REPORT

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## ISSUER INFORMATION

Name	ROCA INDUSTRY HOLDINGROCK1 SA
Fiscal Code	RO 44987869
Trade Registry number	J40/16918/2021
Headquarters	4 Gara Herastrau street, BUILDING A, Floor 3, District 2, Bucharest

## INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up capital	RON 176,945,730
Market on which securities are traded	SMT-AeRO Premium
Total number of shares	17,694,573
Symbol	ROC1

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The preliminary financial statements for 2022 presented on the following pages are **unaudited**.

# MESSAGE FROM THE GENERAL MANAGER

## 1. Who are we, who is Roc1

Roca Industries HoldingRock1 is an **operational holding** that implements an **active management model** in its portfolio companies. The position of Active Management provides that:

- **We undertake and contribute to the portfolio companies' objectives**, we understand and approve the tactics for achieving the objectives, together with the management teams of each subsidiary;
- We ensure or facilitate **centralized expertise**, where it does not yet exist at company level or its specificity does not justify the need for a position in the company;
- **We share responsibility** for the result and enjoy together the success of the path we believe in as a team;
- **We are building a culture of partnership**, where the values are part of the company's foundation and guide our strategic and execution approach.

**The holding adds value** to each company both through its own expertise, through the facilitation of expertise, through the sharing of best practices, as well as through the synergies created between subsidiaries. The company's management proposes the business plans, tactics and related budgets, while the holding team contributes with specific expertise in order to approve them - in the holding and through the Board of Directors. During the execution, the Holding team is involved directly, through reporting processes, but also ad hoc, if necessary, in fixing the plans, identifying alternative solutions or replacing non-productive tactics.

**The management teams of the companies** are validated in the recruitment process by the members of the Holding team and all core functions are developed at the level of the companies. For positions with strategic value for which the expertise does not bring an immediate return on investment, or the volume of activity does not justify the establishment of a department, such positions will exist at the level of the holding or will be outsourced until the moment of transfer to subsidiaries is identified.

In Roca Industries we pay attention to **the process**. In our culture, in the absence of a coherent and correct process of analysis, decision-making, in the absence of a strategy, results may come from luck, but they are unlikely in the long run. On the other hand, if the process is good, if the strategy is coherent, even if syncope may occur along the way, the long-term results will be positive. For this reason, in all companies we pursue a series of qualitative objectives, which lay the foundations for future results and complement the common objectives of meeting the budget.

### **What we promised at the listing. What we delivered. What do we undertake next?**

We listed with a promise of **transparency**. I think we've achieved this goal through all of our previous communications so far. We issued comprehensive and explicit quarterly reports. We issued current reports including for events that were not required by the mandatory conditions. We are concerned with showing that we do things the right way and conveying confidence. Below I want to take it one step further and try to present the year 2022 as it was, detailed, free of changes, presenting both the good and the bad highlights.

We also promised that **we will build a holding** that will have a number of 8-10 companies that, in turn, will be able to carry out M&A projects. We fulfilled our estimate of 2 new deals per year and we intend to maintain that pace. After another year in this market, we estimate that we will stop at a maximum number of 8 companies in the construction materials production area. This decision depends on the particularities of the market, development opportunities, competition and the

maturity of the sectors. We will put much more emphasis on growing the subsidiaries, while having a higher appetite for accelerated development through M&A. The Bico Industries model is the one we want replicated in as many cases as possible. We have built a regional champion (Bico Industries is #1 in central and eastern Europe, #4 in Europe and we are aiming for #3), and we want to continue this effort. More regional champions, to put Romania's industry on the European map. Because that's what we promised to do, to contribute to the development of Romanian industry.

We promised **to be profitable** and **generate** shareholder value. All of our companies are profitable, and the way projects are positioned today sets the stage for even more value. However, we have shown from the outset that there will be start-up costs that will erode profits in the short term. I'll elaborate below, but I'm referring to transaction costs, initial investments, or non-cash accounting issues that affect the first year of investment. I hope that this message manages to convey the confidence that we have in Roca Industry, beyond the "bottom -line".

## 2. What was in 2022, what are we preparing for 2023

The year 2022 was the first full year in the life of Roca Industry and, like all beginnings, it was both difficult and beautiful. Basically, the holding company started its activity in the most inflationary environment in Europe in the last 40 years and with the first border war in the last 80 years.

2022 was primarily about **the team**, about its formation and cohesion, about the construction of a way of working. I am proud to have some of the best people in the market with me. We are in almost complete form, covering the commercial, financial, marketing and project implementation areas. In 2023, 2 more colleagues will join us, one to coordinate the operations and production area and one to manage the human resources part.

I've praised the team above, but I can't take credit for finding and recruiting these exceptional people. These merits belong to Liviu Stoleru, the first CEO of Roca Industry. I started the year in the position of President of the Board of Directors, teaming up with Liviu, a professional CEO with a very good track record. Unfortunately, our methods of operation, visions of how we act were divergent, and, as a result, in the middle of 2022 we decided to go on separate ways. From the phrase "the right man, in the right place, at the right time", he was definitely an excellent solution, but in a different culture than ours. I don't want to formally end the year without thanking him once again for his hard work. Many of our projects were started by him.

Also, 2022 was about **transactions**. Two transactions in Roca Industry and two others in Bico meant a special effort. Identification, negotiation, structuring, due diligence, closing, acquisition and then integration are all activities that require extensive resources. Four such processes in a single year, in addition to the current activity, meant a test that the team passed with flying colors.

We believe that 2023 will be the year of consolidation for Roca Industry. After a 2022 in which we grew primarily through M&A, 2023 must be **the year of "emerge stronger"**. We expect an unfavorable environment, at least in the first 2-3 quarters, and our main plans are focused in such respect. How to navigate troubled waters and emerge from the storm stronger than we entered. How to be agile and resilient, attentive to market opportunities, ready to strengthen our position. After all, we 100% agree that "a crisis is a terrible thing to waste".

Separate from day-by-day operations there are two special elements that we take into account. The first concerns the reconstruction of Ukraine, when appropriate. We are very well positioned geographically, our products meet the quality standards necessary to participate in this process, we just have to find the best way to enter this market.

The second concerns the situation in Turkey, although it is still too early to say whether it is an opportunity or a threat. We can talk about a threat because Turkey is an important player in the

market of raw materials (although only one company in the group has imports from Turkey) and there is a risk that such raw materials will be directed to the domestic market, which may entail price increases or difficulties in acquisition. However, the situation can also represent an opportunity if we manage to find a way to join the reconstruction effort.

Another strategic direction for the next period is sustainability (ESG). During the Board of Directors meeting in August we decided two things: first, that we will implement ESG policies and, second, that we will implement them accordingly, namely, we will not limit ourselves to producing papers, but will embrace ESG principles with all our might. For us, ESG is not about immediate profit, it is about long-term strategy and above all about a correct manner of doing things. Respect for the environment, social responsibility and corporate governance actually mean respect for future generations, respect for our employees, respect for the communities in which we operate and respect for you, our shareholders.

Also regarding the social responsibility, we decided that it is important to have an impact in the less favored areas as well. Thus, through the deductibility offered by the tax code, part of the profit of the holding companies will be redirected to a CSR project at the Holding level.

Separate from these general portfolio objectives, for 2023 we also have several objectives at the holding level:

- **Three transactions**, either directly in the holding or in group companies, with a total value of at least EUR 20 million, companies that add at least EUR 3 million/year to the cumulative EBITDA;
- **The transfer to the main market of Bucharest Stock Exchange, alongside an increase in share capital** - we consider that Roca Industry, as a holding that will total at least 5 companies, with at least 10 factories, present in 3 countries, with a cumulative turnover of almost EUR 150 million and an EBITDA of at least EUR 15 million is a company that must be present on the main market. Moreover, we want to become a benchmark for companies in the industrial sector, listed on the BSE.

### 3. Portfolio

Usually, in most reports of this kind, the detailed presentation of the portfolio is placed in the body of the report, and the CEO's message is about vision, strategy and the general image. This time I decided to be different, I decided that I want all the relevant elements to be transmitted directly here, by me, both the good news and the bad. It is the way I understand to come before you, to undertake and explain what you will find in the content of the report. It's also the manner in which I want to explain the process we are going through, the actions behind the resulting numbers, but also our plans. The details below are the pieces that built this puzzle called financial results.

#### ➤ Bico Industries

Bico Industries had an extremely intense year, full of challenges, which it managed to overcome in a successful manner. First of all, as a context, I must mention that we started 2022 with a new CEO, Adrian Butuc, a 31-year-old in whom we have great confidence. Adrian had previously been the company's COO and had overseen the implementation of the Turbotex project, an investment of over EUR 2 million through which Bico launched into the market of technical textiles, other than mesh for thermal insulation systems.

For us, Bico Industries represents a benchmark, from an organizational point of view. It is the company that entered the Roca Investments portfolio in 2020, so we had a period of 2 years to implement some improvements. Bico's current operational capacity shows us the level the other three companies can also reach and also validates our operating model.

The main success of the company is, from our point of view, the fact that it has reached the level where it can initiate its own M&A processes. In the course of a single year, Bico bought 100% of the Terra group (Moldova and Romania), 55% of Europlas Lux (Moldova) and started negotiations for the acquisition of Iranga (Lithuania), a transaction that we hope to complete during Q1 2023. The 2 transactions from the Republic of Moldova are extremely important because they come with a series of strategic advantages:

- The import of fiberglass yarn into the EU is subject to anti-dumping duties of up to 40%. By processing in the Republic of Moldova, where this tax does not apply, the cost of the raw material is greatly reduced;
- Both companies are located in Free Zones, which generate important tax advantages. Additionally, a number of costs such as salaries are much lower in the Republic of Moldova;
- By increasing the capacity by over 50% in the context of facilities with different technical level, but also varied cost structures, Bico can build a diversified commercial policy, being able to address all the market's needs.

Also, an extremely relevant element in understanding the value brought by these companies is the transaction price. Thus, both companies were acquired at approximately 3xEBITDA 2022, which represents an upside of at least 100% to which is added the plus resulting from intragroup synergies.

In addition to those advantages, the main elements that had a negative impact were:

- A contraction of the market in H2, which led to a decrease in sold volumes, but also to a wider reduction in prices, implicitly in margins;
- An internal security incident, notified to the market in October, namely the discovery of thefts worth approximately RON 700 thousand, from a warehouse rented by the company. Although we consider the chances of recovery of the damage to be high, this amount is considered a loss until the date of recovery.

Other relevant aspects for the activity of Bico Industries in 2022 would be the following:

- Completion of an investment project at the factory in Vaslui in the amount of EUR 2 mn;
- Completion of an investment project in the installation of solar panels at the factory in Vaslui;
- Starting an investment project at the factory in Vulcănești, Moldova, in the amount of EUR 1 mn.

We envisioned the following plans for 2023:

- Completion of the transaction for the acquisition of Iranga Lithuania;
- Completing the integration of the 3 newly acquired companies both from an operational and commercial point of view;
- New investments of at least EUR 500 thousand in order to increase efficiency and production capacity at the factory in Vulcănești;
- Implementation of a commercial policy which will take into account the flexibility that the 5 factories offer, different products and different cost structures, strategy based on increasing exports and entering at least 2 new major markets;
- Initiation of a process of Romanian brand building, valid internationally, to support the company's expansion into multiple markets.

## ➤ **Sarcom**

Sarcom is a company acquired by Roca Industry in December 2021. Given that it was a 100% share purchase transaction and the company was run exclusively by the founding shareholders, the takeover process was quite steep, with a first semester where we had to take everything on the go. Or as we like to say, we fixed the plane during flight. For this reason, the first part of the year was below expectations, but we managed to recover a large part in H2.

The first months of 2022 were primarily characterized by a major difficulty in transferring the production costs to customers. Our presence in Dedeman and Leroy Merlin was very important and ensured continuity until a coherent commercial strategy was developed. Additionally, the first peak of the season (April) meant a missed opportunity due to the lack of stock, a consequence of a managerial error in forecasting and organization.

During the middle of the year, we managed to complete the management team. In addition to a CFO brought in the company since last winter, in May the new CEO started his mandate, while the Commercial Director started in July. As a result, looking back at the achievements of 2022, we can mention at least the following:

- Implementation of an ERP system;
- Renegotiation of contracts with the main customers and recovery to a large extent of the profitability margins lost at the beginning of the year;
- Starting an expansion strategy in traditional trade, in the area of local and regional distributors - at this moment we are already present in more than half of the country's counties;
- Listing in Brico Depot - expected in March-April;
- Investments to stabilize the production flow, in preparation for a large-scale investment project;
- Preparation of an investment project that includes the relocation of the factory to a new location that meets our standards, the expansion of production capacity and the launch of new production lines. We have already managed to identify the new location, we have rented it as a warehouse and we are in negotiations for the purchase,

and we will consider 2023 a good year if, looking back, we have the following checked:

- The acquisition of the assets where we will relocate the factory and the start of investments;
- Commercial policy, based on strengthening the presence in the three DIY chains and increasing the presence in traditional trade;
- Initiation of marketing and sales support activities, including repositioning of commercial brands and addressing the consumer target groups, re-packaging, development of digital tools and communication channels with both business partners and end consumers.

## ➤ **Eco Euro Doors**

Eco Euro Doors is a company entered into the portfolio in June 2022, at that moment 70% of the shares being acquired, the difference being purchased in December. As in the case of Sarcom, the company started the year with certain difficulties in transferring costs to customers, which was fixed starting in Q2 and completed after the acquisition date. For this reason, the beginning of the year was a difficult one, with quarters 2-4 being focused on trying to recover the results.

In the case of Eco Euro Doors, we inherited a management structure based on an entrepreneurial model, extremely reduced, based almost exclusively on the founding shareholder. Likewise, a simplistic business model, focused on a quasi-total dependence on a single customer and a production structure dedicated to the products required by that customer. All of these have put



pressure on profitability and the fact such issues are still being resolved is part of the unsuccessful chapter.

Regarding the achievements of the company, in the 7 months we succeeded:

- Completion of two production halls, with an area of 5,000 square meters, started before the transaction and which will be the basis of the increase in production capacity;
- Commissioning of a new painting line, including a modern painting robot with paint recovery capability;
- Completion of an investment project in solar panels;
- Development of a partnership for a new sales channel, namely the area of residential real estate projects;
- Starting an investment in two new equipment, totaling more than EUR 700 thousand that will eliminate a series of bottlenecks and increase the flexibility and efficiency of production;
- Production efficiency by adapting the planning procedure according to the order structure (standard doors vs atypical doors).

In 2023 we aim to:

- Complete the commercial policy based on the expansion of distribution channels, without affecting the partnership with the main current client;
- Increasing production capacity and making it more efficient;
- Entering at least two more DIY chains;
- Completing the management team;
- Diversification of the product portfolio depending on sales channels and on the needs of different client segments. Building brand positioning, introducing the brand concept in annual collections, aiming to be relevant on each sales channel.

#### ➤ **Dial**

Dial is the last company entered into the Roca Industry portfolio, in September 2022. Considering the short time since the acquisition, there are extremely few relevant details that we can mention, being still in the process of taking over and building the management team.

However, some highly relevant aspects have already been identified, namely:

- Dial has a very good production structure, with high-performance equipment and solid know-how. Furthermore, a 5,000 square meter production hall is being completed, which will give us the possibility of exponential production growth, but also access to new business lines;
- Significant growth opportunities as a result of the lack of a commercial department;
- The Company produces a truly "do it yourself" fence model, but such model is currently sold only on the French market. At this moment we are studying the method of introducing it also on the Romanian market and we expect it to become a reference product;

As general issues that negatively impacted Dial's results, we summarize the following:

- Major fluctuations, in both directions, of the prices of the main raw materials;
- Lack of a commercial department, this activity being carried out by the founding shareholder.

In the case of Dial, all projects are about the future:

- Completing the management team;
- Implementation of the commercial policy that will truly bring the company's potential to fruition;
- Marketing policy implementation to support the development of sales channels and the launch of new products on the local market, positioning on export markets.
- Finalizing the investment plan, securing the financial resources so that it can exceed EUR 4 million and starting its implementation.

#### 4. Financial results

We have chosen in this financial report to keep the way of presenting the financial results through three methods. It's how we understand helping investors get a clearer picture of some highly atypical reporting.

We are a holding company without our own operating income, which sums up the financials of some subsidiaries, but in accordance with the date of acquisition and the percentage of ownership, affected by some non-monetary accounting adjustments that do not exist in IFRS (so you do not find them in the case of companies listed on the main market of the BSE) and which allocates a major expense, in full, to Roca Industry and not proportionally to the holding (ie we weight the pluses, but not the minuses). We own four companies, three in full and one in proportion of 70% of the share capital, all of them recorded a net profit, the result related to the minority shareholders being a net profit, while the net result related to Roca Industry being a loss. I don't intend to blame accounting regulations, but I think it's important to show several ways to read these numbers and explain what may not be intuitive. Furthermore, each of you will be able to judge the financial performance of Roc1 based on such financial results.

As we mentioned above and you will find in detail in the final part of the report, we present the financial results through 3 sets of figures:

- **Consolidated results** - are the "official" results, prepared according to the applicable accounting rules, respectively the Romanian standards (RAS, OMFP). They present the following particularities:
  - The results of the acquired companies are taken into account starting from the month following the transaction. It is important to state that in all transactions, Roca Industry kept the entire profit related to the year 2022, regardless of the date of the transaction. This means that, although in the case of Dial we "bought" a profit of approximately RON 3.5 million, the consolidated results only record the loss related to Q4, a quarter which in this market is off - season.
  - The consolidated results are affected by the amortization of goodwill, an operation that does not appear in the individual statements of any entity (not even Roca Industry), but only in the consolidated ones. This amortizable goodwill represents the difference between the purchase price of the shares and the net asset value of the acquired companies at the acquisition date. Thus, since the evaluation of the purchases is made by us using the Discounted Cash- Flow method or multiple of EBITDA, even in the case of transactions made at 3-5xEBITDA (i.e. well below the market average) we record this expense because the net asset was lower. In total, the amortization of goodwill has an impact of RON 10.4 million, being by far the element that affects the results mostly. Another relevant aspect is that this operation is performed only in the financial statements drawn up according to Romanian standards, not being recognized by the international IFRS standards.
- **Normalized results** – the normalization performed is the one through which we recognized the results related to the entire year 2022, regardless of the date of the transaction, respectively we

recognized the profit in accordance with the structure of the transaction. These are the results most appropriate to be used by investors in the calculation of P/E or other ratios. However, it should be borne in mind that in order to be comparable with the results of some companies abroad or listed on the BSE main market (which have the obligation to apply IFRS), the impact of the goodwill amortization of RON 10.4 million must be added.

- **Combined results** – are the results obtained by adding up the individual results of the companies, regardless of the date of acquisition or percentage of ownership and without the impact of goodwill amortization. These are the figures that show only the operating performance of the companies, independent of transaction aspects or transitory accounting adjustments. Since the combined results are the mirror of the operating activity of the companies, they are the ones that the management of the holding mainly track.

Details of the unaudited financial results, together with a brief analysis thereof, can be found in the respective chapter at the end of the report. A wider analysis will be provided during the annual report in which the audited results will be presented, as well as in the annual conference with investors dated 28.03.2023.

# EXECUTIVE SUMMARY

The **2022 preliminary financial report** of ROCA Industry Holdingrock1 S.A. contains a brief presentation of the company and its subsidiaries and explains the individual and consolidated financial results of the Company.

## 2022 at a glance:

Roca Industry is the holding company that manages the companies in the Group <sup>1</sup>, without having operational or production activity. At the end of December 2022, the Holding held stakes in six productive companies, Bico, Sarcom, Eco Euro Doors (EED) and Dial directly, as well as in Terra and Europlas Lux – indirectly, through Bico, and controlled two investment vehicles (SPVs – Doorsrock4 and Nativerock1). The complete picture of the entire group of companies is presented on page 15.

Four of the six companies were acquired during 2022, at different times (Terra in March, EED in May, Dial in September and Europlas in October), the direct or indirect holdings of Roca Industry in these companies being distinct (Sarcom – 100%, Bico – 70%, Terra – 70% (in which Bico holds 100% of the share capital), EED – 100%, Dial – 100%, Europlas – 35% (in which Bico holds 50% of the share capital) As the accounting rules do not reflect the conditions in the takeover contracts of these companies, for a more faithful picture of reality, the company's management presents the group's results in three forms in the table on the next page:

- **Consolidated results** in which, according to the accounting rules in force, the holding company is obliged to include in the scope of consolidation only those companies in which it holds majority stakes for at least one month at the reporting date. The performance of each company included in the holding is taken into account from the moment of inclusion in the reporting, without taking into account previous achievements or the provisions of the transaction documents. Consolidation is carried out according to the shares held by the holding company in each company. Thus, in the consolidated financial statements of Roca Industry for 2022, the performance of Terra is included starting from Q2 2022, the performance of EED is incorporated starting from June (when Roca Industry owned 70% of the share capital, the increase of ownership up to 100% being achieved in December 2022), and Dial's results are only included for the fourth quarter of 2022, following the completion of the acquisition at the end of September. Additionally, for the results of Europlas, a company in which Roca Industry has an indirect minority stake, a share of 35% of its net profit was recognized, for the October-December period, after the moment when Bico acquired 50% of the share capital. The consolidated net result is reduced by the impact of amortization of goodwill, licenses, brands and customer relations, expenses amounting to RON 10.4 million for the entire year 2022, elements that appear only in the consolidated financial statements, without being reflected and having impact on individual or combined ones.
- **The combined results** reflect the combined indicators at the Group level, by summing up the individual performance of each subsidiary over the entire reporting period, regardless of the moment of its acquisition and without considering the share of Roca Industry holdings in the share capital of each company. The objective of the combined financial statements is to present financial information in a format that allows comparability with the previous year, without the percentage of ownership and acquisition date figures being affected. In other words, the combined results show the activity of the company itself, without the influence of corporate events. These results do not include the impact of the expenses of RON 10.4 million with the amortization of goodwill, licenses, brands and customer relations, nor the impact of the adjustments imposed by the consolidation principles.

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<sup>1</sup>The Roca Industry group is represented by Roca Industry Holdingrock1 SA, together with its subsidiaries

- **The normalized results** reflect how the transactions were structured and are calculated starting from the consolidated profit and loss account for 2022, to which the performance of the newly acquired companies during the year is added, without taking into account the date of acquisition. Thus, considering that the structure of the transactions stipulated that the net results prior to the acquisitions remain at the disposal of Roca Industry or Bico (entirely in the case of Terra and partially in the case of Europlas), these results transpose the performances of EED, Terra, Dial and Europlas as if they were in Roca Industry's portfolio starting January 1, 2022. Thus, the normalized profit is the profit actually attributable to Roca Industry, appropriate to be used in a possible calculation of the PER (price-to-earnings ratio, one of the most used indicators to evaluate listed companies).

The management of Roca Industry considers that the most relevant result is the normalized one, in the amount of RON 5.33 million, considering that at the end of 2022 the entire profit of the subsidiaries can be found in their individual financial statements and remains at the disposal of Roca Industry in accordance to the share that the Company holds in each of these subsidiaries.

Million RON	Combined Results FY '22	Consolidated Results FY '22	Normalized Results FY '22
Operating income	388.11	278.39	388.11
EBITDA	39.06	23.01	39.06
Net income	21.67	(4.77)	5.33
<i>Profit related to the parent company</i>	-	(6.32)	2.86
<i>Profit related to non-controlling interests</i>	-	1.55	2.47

The amounts are expressed in million - RON

### Consolidated financial performance

During 2022, the five directly productive companies included in the consolidation perimeter recorded increases in turnover (between 14% and 40%) compared to 2021. This increase came mainly from the ability of the companies to integrate, partially or total, the increased prices of raw materials as a result of difficult market conditions, in the price of sold products. As the first three months and last three months of each year are affected by strong seasonality in the construction materials industry, consolidated EBITDA reached 8.7% of operating income, a decrease from 12.8% for the first 9 months of 2022. Additionally, the increase in depreciation and amortization expenses following the recognition of the goodwill from the acquisition of Dial, as well as financial expenses as a result of the increase in bank interest and the new credit facilities required by the companies in the group (including LBOs - leveraged buyout) negatively influenced the net result. Thus, the recorded **consolidated net loss** was RON 4.77 million.

### Combined financial performance

- At a combined level, in 2022, the Group recorded operating income in total amount of RON 388.1 million, by 24% higher than the one recorded in 2021.
- Although impacted by the atypical market context, with higher raw material costs in the last months of the year, the productive companies achieved a combined EBITDA of RON 42.7 million, respectively an EBITDA margin of 11%.
- At the level of the entire holding, EBITDA, in the amount of RON 39.1 million, was eroded by the operating expenses recorded by the holding and its investment vehicles. Thus, at a combined level, the EBITDA margin represents 10.1% of the operating revenues.

- The increase in bank interest combined with higher indebtedness as well as the additional expenses with amortization following the investments made, generated for the directly productive companies a combined profit of RON 21.6 million (5.6% net profit margin). The impact of the SPVs and the holding was minor, the combined net profit in the situation where these companies are also taken into account, being in the amount of RON 21.7 million (net profit margin of 5.6%).

#### **Roca Industry's individual performance:**

- **The net profit** recorded by Roca Industry is RON 2.6 million. This result was generated by **financial revenues in the amount of RON 6.9 million (out of which RON 3.2 million come from dividends distributed by Bico for 2021 financial year)**, from which the holding's **operating expenses** and financial expenses were deducted.

#### **Main events in 2022:**

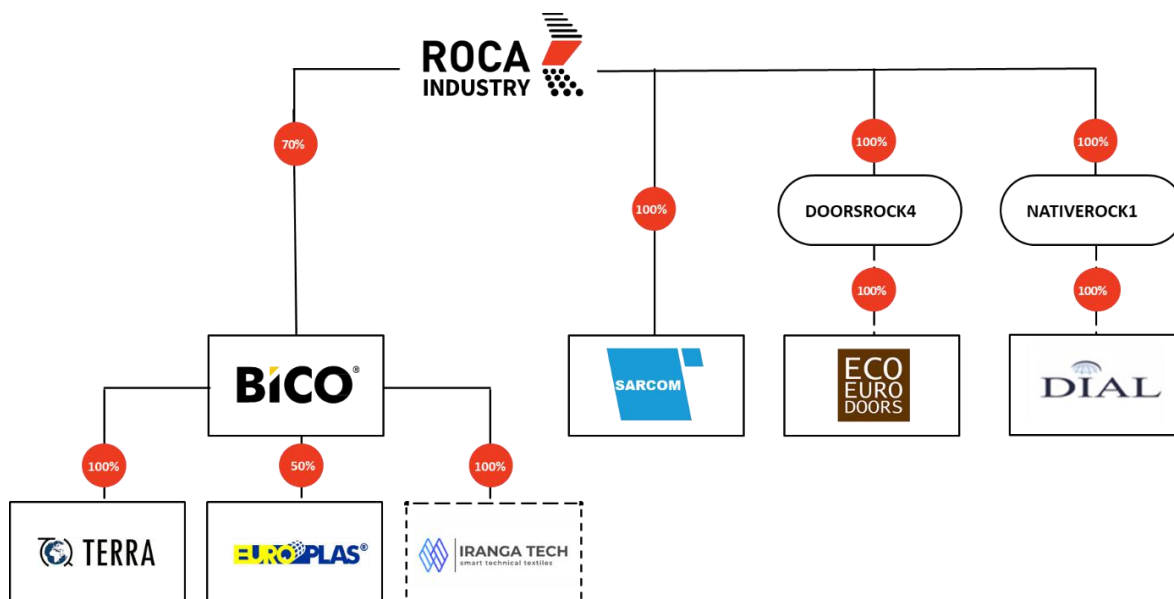
- **The listing of Roca Industry** on the AeRO market of the Bucharest Stock Exchange;
- **Four new companies acquired** during 2022:
  - Completion of the Terra Impex transaction in March , through the acquisition by Bico of 100% of the share capital, moment which also represented the expansion of the holding in the Republic of Moldova;
  - Completion of the Eco Euro Doors transaction in May, through the acquisition by Roca Industry, through the investment vehicle Doorsrock4, of 70% of the company's share capital. Additionally, following the exercise of the sale option (Put Option) by the former shareholders, in December 2022 Roca Industry increased its participation up to 100% of the share capital of EED;
  - The complete takeover of Dial company in September, by Roca Industry, through the investment vehicle Nativerock1;
  - The takeover by Bico of the 50% stake in the share capital of Europlas Lux (Republic of Moldova) in October, with the acquisition of the additional 5% stake to be completed in the first part of 2023;
- Advanced negotiations for **the acquisition of 100% of the share capital of Iranga Technologijos, UAB**, a Lithuanian company;
- **The merger between Sarcom and Colorock13** (the investment vehicle through which Sarcom was acquired, with the aim of obtaining a credit facility to ensure the necessary financing structure), one of the key conditions agreed with the lender in order to obtain the credit facility and the subsequent financing of Sarcom;
- **Increasing the stake held by Roca Investments in the holding**, from 59.8815% to 60.7958% of the share capital, through the acquisition, at the end of 2022, of a total number of 161,790 shares.

# ABOUT ROCA INDUSTRY HOLDINGROCK1

**ROCA INDUSTRY HOLDINGROCK1 SA** ("**Roca Industry**", "**Company**" or "**ROC1**") is a Romanian company, established in September 2021. Roca Industry is the first strategic project of ROCA Investments, which groups under the umbrella of a specialized holding Romanian companies producing materials of constructions. 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 on the basis of 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.

So far, Roca Industry has not carried out any its own operational activities. At the date of this report, Roca Industry operates and implements the business strategy through its directly owned subsidiaries **BICO INDUSTRIES S.A.**, **SARCOM S.R.L.**, **ECO EURO DOORS S.R.L.** and **DIAL S.R.L.**, as well as through those indirectly owned, through **BICO INDUSTRIES – TERRA IMPEX S.R.L.** and **EUROPLAS LUX S.R.L.**. These subsidiaries operate in the field of construction materials, more precisely in the production of fiberglass and fiberglass reinforcement (BICO, TERRA and EUROPLAS LUX), the production of varnishes, paints and decorative plasters (SARCOM), the production of doors for residential constructions (ECO EURO DOORS), respectively of the production of edged panels and fence mesh (DIAL).

The structure of the companies directly or indirectly owned by Roca Industry is presented below.



*Doorsrock4, Nativerock1 – companies created for the purpose of structuring the financing of acquisition transactions  
 Iranga – transaction approved by the Extraordinary General Meeting of Bico Shareholders, in the process of completion*

The objective of Roca Industry is to contribute to the reindustrialization of Romania, by adding to the Holding several companies in the field of construction materials, whose value will increase over time through the correct and coherent application of business strategies suitable for each one.

**BICO INDUSTRIES SA** ("**Bico**") is a company established in 2006, identified in the market under the BICO brand, focused on the production of fiberglass mesh for ETICS (External Thermal Insulation Composite System), fiberglass mesh for other industrial materials and cornering reinforcement mesh fiberglass. The Bico Group operates four production centers, two of which are in Romania, in Piatra Neamț and Vaslui, and two in the Republic of Moldova, through **TERRA IMPEX SRL** ("**Terra**"), a company fully acquired in March 2022, and through **EUROPLAS LUX SRL** ("**Europlas**"). For the

acquisition of 55% of the share capital of Europlas, in October 2022 Bico signed two transactions, the purchase of the 50% stake already completed, while the completion of the acquisition of the 5% stake will take place in the first part of 2023.

Additionally, Bico is in advanced negotiations for the acquisition of 100% of the share capital of **Iranga Technologijos**, UAB, a Lithuanian company. Iranga is active in the technical and construction textiles market, offering solutions based on a complex range of technologies for the production of fiberglass fabrics and composite materials through fabric lamination, which is similar to one of Bico's business lines. Completion of the acquisition is expected to take place in the first half of 2023 and is subject to the successful completion of due diligence and any relevant institutional approvals.

**SARCOM SRL ("Sarcom")** is a company established in 1993, one of the largest players in the paint and varnish production industry, being in 8th place in terms of 2021 turnover. Sarcom is focused on the production of paints, primers, varnishes, thinners, washables, adhesives, decorative plasters and dyes, owning the brands STICKY and CORAL.

**ECO EURO DOORS SRL ("EED")** is the largest Romanian manufacturer of doors for residential buildings, with 27 years of experience on the market. The company offers a wide range of products, addressing both the need of customers for standard products as well as those requiring non-standard sized products.. At the end of 2022, Roca Industry owns 100% of the share capital of EED, the purchase being made through an investment vehicle (SPV) owned by Roca Industry, **DOORSROCK4 SRL ("Doorsrock4")**, a company established in 2021 a company established in 2021 to provide the necessary financing structure for the transaction.

**DIAL SRL ("Dial")** is a company with over 20 years of experience, specialized in the production of edged fence panels, braided fence mesh, Rabitz mesh, rectangular posts and more. The company's activity is carried out in its factory in Hârșova. For the full acquisition of Dial through an LBO (Leveraged Buy Out) operation, Roca Industry has established in 2022 an additional investment vehicle, **NATIVEROCK1 SRL ("Nativerock1")**.

## **ROCA INDUSTRY TEAM**

**Roca Industry team** consists of:

- **Ioan Adrian Bindea** - acts as CEO since June 2022 and contributes to the Holding with over 12 years of experience in restructuring, capital markets and real estate. In parallel, he continues to contribute as Investment Manager of ROCA Investments, a position he has held since January 2018, with responsibilities for identifying new opportunities and overseeing the evolution of ROCA's portfolio companies;
- **Ondina Olariu** – holds the position of Marketing Director since May 2022, having over 20 years of experience in marketing, both in companies and in the creative industries. In her role, she ensures the construction of a strategic framework through which marketing tools are used with to maximum benefit for companies and supports the management teams to ensure the implementation of these tools as well as building the teams to ensure the successful execution of each company;
- **Alexandru Fogarași** – Commercial Director since May 2022, comes with over 17 years of experience in the commercial and construction material sales field. He contributes to the success of companies by taking a strategic approach to building sustainability in sales, understanding the professional springs that drive a sales team to success and the motivational resources to persistently pursue goal achievement;
- **Valentin Albu** – CFO since April 2022, he has made the transition from investment to business with over 8 years of experience in business consulting, tax, accounting and financial analysis. He aims to contribute to the transformation process, changing the mindset of the portfolio



companies. He is involved in building and managing finance teams and actively communicates with company management teams on strategic issues;

- **Ioana Lambrinoc** – She is a Project Coordinator since May 2022, with over 13 years of experience in multinationals in finance and customer service departments. She contributes to communication within the team, providing support in problem solving, being people and synergy oriented.

**The Board of Directors** of Roca Industries consists of:

- **Ioan Adrian Bindea** – Chairman;
- **Roca Management through Rudolf Vizental** - with a mix of 20 years in investment, distress and finance, campaigns 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;
- **Alexandru Savin** – has been the Investment Manager of ROCA Investments since November 2018, with extensive experience in risk management and business development, gained in Libra Bank SA where he held several management roles;
- **Mihai Bîrliba** - with over 30 years of experience in industrial manufacturing, Mihai Bîrliba is the founder of several startups in the field of construction materials, plastic packaging and plastics recycling, with a focus on manufacturing. He founded Bico Industries SA, part of the ROCA Industry holding;
- **Vasile Sandu** - with over 20 years of experience in the construction industry, is the founder and general manager of Proinvest Group SRL, a company specialized in the development, production and the sale of metal components and metal construction systems.

# PRELIMINARY CONSOLIDATED FINANCIAL RESULTS

In the consolidated financial statements, according to the legislation in force, the holding company is obliged to include in the scope of consolidation only those companies that have been owned for at least one month on the reporting date. In addition, the performance of each company included in the holding is taken into account from the time of inclusion in the reporting, without including previous achievements. Consolidation is carried out taking into account the shares held by the holding company in each company.

Thus, in the consolidated financial statements of Roca Industry for 2022, the performance of Terra is included starting from Q2 2022 (the transaction was completed in March 2022), the performance of EED is incorporated starting from June (the transaction was completed in May of 2022), and the results of Dial are included starting from Q4 2022. For the results of Europlas, a company in which Roca Industry has an indirect minority stake, a share of 35% of its net profit for the October-December period was recognized, after the moment when Bico acquired 50% of the share capital.

Therefore, in addition to the presentation of consolidated performance information that complies with the above principles, the **combined P&L Analysis** chapter presents the picture of the combined indicators at the Group level, by summing up the individual performance of each subsidiary for the entire reporting period, regardless of the moment of its acquisition and without considering the share of Roca Industry holdings in the share capital of each company. The objective of the combined financial statements is to present financial information in a format that allows comparability with the previous year, without being impacted by the percentage of ownership and acquisition date figures. In other words, the combined results show the activity of the company itself, without the influence of corporate events.

## CONSOLIDATED P&L ANALYSIS

Roca Industry achieved during 2022 a consolidated EBITDA of RON 23 million, being generated mainly from the activity carried out by the companies Bico (EBITDA RON 8.6 million), Terra (EBITDA RON 2.9 million), Sarcom (EBITDA RON 9.5 million) and EED (EBITDA RON 6 million).

The holding company, the Dial subsidiary and the investment vehicles (SPVs) set up to finance the share purchase transactions (eg Colorock13<sup>2</sup>, Doorsrock4 and Nativerock1) generated a combined negative EBITDA of RON 4 million, mainly representing the operational costs of operation of the holding as well as expenses with the transactions made during the year.

Dial was acquired in September 2022, thus, according to the principles of consolidation, the Group only recognizes its share related to the period in which it held control, respectively for the period October-December 2022, when a negative EBITDA of RON 0.4 million was recorded .

As Roca Industry was established in September 2021, taking majority control in Bico and Sarcom at the end of 2021, the impact of these companies in the consolidated result at Roca Industry level (for FY 2021) was nil. Therefore, comparisons with the similar period of 2021 are not relevant. In this context, EBITDA at the consolidated level for the year 2021 recorded a negative value of RON 0.8 million, being made up of the operational expenses recorded by the parent company and the only existing SPV at that time, Colorock13.

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<sup>2</sup>Company that was absorbed by Sarcom following the merger completed in December 2022

In the last quarter of 2022, consolidated EBITDA recorded negative values (RON 1.9 million). Since the industries in which the Group's companies operate are influenced by seasonality, the results of the first and last quarters are significantly affected by these seasonal variations.

The consolidated EBITDA for 2022, in the amount of RON 23 million, is eroded by:

- depreciation and amortization expenses of RON 17.3 million (of which RON 10.4 million represents the amortization of goodwill, brands and customer relationships identified following business combinations, of which RON 3.8 million resulted from Q4 2022);
- the negative financial result of RON 8.9 million, representing bank interest of RON 7.4 million (which registered an increase in Q4 2022 as a result of the increase in bank interest and the new credit facilities required by the companies in the group) and negative differences in exchange rate of RON 1.5 million;
- the tax on profit in the amount of RON 1.5 million.

Thus, considering the seasonality of the activity as well as the purchases made during the year, the consolidated net loss recorded in 2022 was RON 4.8 million (vs. the net loss of RON 0.98 million in 2021). Although the positive result from the operational activity was RON 5.7 million, this result is diminished by the negative financial result of RON 8.9 million.

During 2022, at the consolidated level, Roca Industry recorded a positive result from the exploitation activity (5.7 million RON) compared to 2021, when it recorded a negative result of RON 0.8 million.

Depending on the individual net results obtained by each company and the holding percentages of Roca Industry in these companies, the consolidated net loss from 2022, of RON 4.8 million, is allocated to the parent company (loss of RON 6.3 million) and the minority shareholders (profit of RON 1.5 million).

The net profit of RON 1.5 million attributable to minority shareholders represents the share not owned by Roca Industry (i.e. 30%) of the individual net profit obtained by Bico in 2022 and by the companies acquired during 2022 (eg Terra starting from Q2 2022), respectively from the individual net profit obtained by EED starting from June 2022. The increase of Roca Industry's holding in EED, up to 100%, does not impact the consolidated results, the transaction being completed in December 2022.

A net loss of RON 6.3 million is attributable to the parent company due to the fact that it owns 100% of the investment vehicles (SPVs – Colorock13, Doorsrock4 and Nativerock1) which, by their nature, have no operating income, these companies generating a combined net loss of RON 5.3 million in 2022. This loss derives mainly from the financial expenses recorded on the basis of the credit facilities accessed for the acquisition of Sarcom, EED and Dial companies.

At the same time, in the calculation of the net loss attributable to the parent company, the negative result obtained by Dial, in the amount of RON 0.3 million, for the October-December period, following the acquisition, was also considered.

For the results of Europlas, a company in which Roca Industry has an indirect minority stake, a share of 35% of its net profit for the October-December period was recognized, after the moment when Bico acquired 50% of the share capital .

Also, according to consolidation accounting principles, 100% of the amortization expense related to goodwill, brands and customer relationships identified following business combinations is attributable to the parent company, amounting to approximately RON 10.4 million in 2022.

Indicator	FY 2022	FY 2021
Operating income	278,386,734	-
Operating expenses other than depreciation, provisions, value adjustments	(255,381,040)	(839,110)
<b>EBITDA</b>	<b>23,005,694</b>	<b>(839,110)</b>
Amortization of goodwill, relationship and contracts with customers	(10,407,007)	0
Amortization of fixed assets, other than goodwill, relationship and contracts with customers	(6,884,282)	0
<b>Operating income</b>	<b>5,714,405</b>	<b>(839,110)</b>
Financial income	6,224,442	80,804
Financial expenses	(15,178,387)	(215,382)
<b>Financial result</b>	<b>(8,953,945)</b>	<b>(134,577)</b>
<b>Gross result</b>	<b>(3,239,540)</b>	<b>(973,687)</b>
Tax	(1,529,285)	(5,071)
<b>Net result, of which:</b>	<b>(4,768,825)</b>	<b>(978,758)</b>
related to the associates shareholders of the parent company	(6,319,640)	-
related to non-controlling interests	1,550,815	-

## COMBINED P&L ANALYSIS

The objective of the combined financial statements is to present financial information in a format that allows comparability with the previous year, without the percentage of ownership and acquisition date figures having any impact. In other words, the combined results show the activity of the company itself, without the influence of corporate events. Thus, the table below shows the combined indicators at the Group level, namely operating income, EBITDA and net profit. They were obtained by summing up the individual performance of each subsidiary, regardless of the moment of its acquisition and without considering the share of Roca Industry's holding in the share capital of each company .

Combined profit and loss account indicators	Results related to 12M 2022 (thousand RON)			EBITDA margin 12M 2022	Net Profit Margin 12M 2022
	Operating income	EBITDA	Net result		
Sarcom	80,023	9,501	6,768	11.9%	8.5%
Bico	118,362	8,574	1,414	7.2%	1.2%
Terra	44,197	4,250	2,820	9.6%	6.4%
Europlas Lux	10,655	992	675	9.3%	6.3%
EED	67,863	11,558	5,585	17.0%	8.2%
Dial	67,012	7,825	4,374	11.7%	6.5%
<b>Companies' total</b>	<b>388,111</b>	<b>42,700</b>	<b>21,635</b>	<b>11.0%</b>	<b>5.6%</b>
Roca Industry	-	(3,351)	2,559	N/A	N/A
Colorock13	-	(150)	(2,505)	N/A	N/A
Doorsrock4	-	(110)	(1,731)	N/A	N/A
Nativerock1	-	(30)	1,714	N/A	N/A
<b>Holding and SPVs total</b>	<b>-</b>	<b>(3,641)</b>	<b>36</b>	<b>N/A</b>	<b>N/A</b>
<b>Combined total</b>	<b>388,111</b>	<b>39,059</b>	<b>21,671</b>	<b>10.1%</b>	<b>5.6%</b>

During 2022, the companies in the group obtained operating income of RON 388.1 million at a combined level. In the atypical context of the construction materials market, with higher raw material costs in the last months of the year, companies had the ability to incorporate most of the costs into the price of the sold products, so that the registered EBITDA margin was between 7.2 % and 17%. At the combined level, the recorded EBITDA was RON 39.1 million (EBITDA margin of 10.1%). This was eroded by expenses recorded at the holding company level and those of its investment vehicles.

Eliminating this impact, the EBITDA of the four productive companies in the portfolio (considering the Terra and Europlas companies within the Bico Group) was RON 42.7 million, with a margin of 11%.

The combined net profit obtained in 2022, of RON 21.7 million (net profit margin of 5.6%), was mainly impacted by higher depreciation costs (new investments made by the acquired companies), by financial expenses resulting from the new loans obtained for company acquisitions, for investments and for working capital, as well as the trend of increasing bank interest rates. Eliminating the impact of Roca Industry and the two SPVs, the combined net profit of the companies in the group reached the level of RON 21.6 million, respectively 5.6% of the total operating income.

## CONSOLIDATED BALANCE SHEET ANALYSIS

### Fixed assets

Fixed assets at the consolidated level increased by 93% compared to 2021, reaching RON 288.5 million. The largest share of total assets is represented by **intangible assets** (RON 157 million, +53% compared to the end of 2021), including trademarks, licenses, customer relations and goodwill, resulting from business combinations. We note that goodwill, licenses, brands and customer relationships are elements that appear only in the consolidated financial statements, without being reflected and having an impact on the individual ones. These elements are specific to M&A transactions, representing the difference between the price agreed with the former shareholders and the value of the net accounting asset in the case of each company acquisition.

At consolidated level, **tangible assets**, in the amount of RON 131.5 million, consist mainly of land and buildings, equipment, fixed assets under construction and advances for fixed assets. The 179% increase compared to December 31, 2021 is mainly due to the construction and equipment which was taken over following the acquisition of Terra in March 2022 (RON 5.4 million), EED in May 2022 (RON 21.6 million), Dial in September 2022 (RON 14.8 million), as well as the investments made by Bico, EED and Sarcom during the year, partially offset by the depreciation during the period.

**Financial assets** from the individual balance sheets mainly represent the investments for the acquisition of shares in subsidiaries, these being eliminated from the consolidated balance sheet, according to the principles of consolidation, but also the securities put in the equivalent, representing the participation in the Europlas Lux company, acquired in October 2022, for which the company exercises joint control with the other shareholders.

### Current assets

**Inventories**, in the amount of RON 101.3 million as of December 31, 2022, consist mainly of raw materials, finished products and goods, production in progress and advances for the purchase of stocks of the companies in the consolidation perimeter. The value of stocks is approximately 3 times higher compared to December 31, 2021. This increase is primarily due to the stocks taken over following the acquisition of Terra, EED and Dial in 2022, respectively the increase in stocks in Bico and Sarcom.

**Trade receivables** amount to RON 26.5 million at the consolidated level, on December 31, 2022, registering a 32% increase compared to December 31, 2021, due to the receivables taken over from Terra, EED and Dial at the time of obtaining control in these subsidiaries during the year.

**Receivables from affiliated companies** of RON 92 million, mainly represent the loans granted by Roca Industry to its subsidiaries, as follows:

- Bico (balance of RON 12.6 million on December 31, 2022);
- Sarcom (debt taken over from Colorock, following the merger - balance of RON 30.8 million on December 31, 2022);
- Doorsrock4 (balance of RON 8.4 million on December 31, 2022, representing a loan granted for the purchase of EED, which was completed in May 2022);
- Nativerock1 (balance of RON 23.3 million on December 31, 2022, representing loan granted for the acquisition of Dial, which was completed in September 2022).

Likewise, receivables with affiliated companies also include transactions between subsidiaries such as:

- the loan granted by Doorsrock4 to the acquired company, EED, to cover the debt to former shareholders in the amount of RON 9.2 million;
- the dividends owed by Bico to Roca Industry (RON 3.2 million), respectively Dial to Nativerock (RON 2.5 million);
- Other receivables from related entities between Bico and Terra (RON 2 million).

All amounts mentioned for receivables with affiliated companies are eliminated in the consolidated balance sheet, according to the principles of consolidation.

**Short-term investments** mainly include the amount deposited in an escrow account for the acquisition of Terra by Bico, transaction completed in March 2022, representing the remaining amount payable to the former shareholders of Terra, which will be released from the escrow account at the moment when certain conditions provided in the sales contract will be met. The decrease from RON 17.9 million at December 2021 to RON 1.6 million at 31 December 2022 is due to the partial payment of the amounts owed to former Terra shareholders.

**Cash and cash equivalents** are in the amount of RON 30.2 million on December 31, 2022, registering a decrease of RON 49.9 million compared to December 31, 2021 (-62%), mainly as a result of the payments made for the acquisition subsidiaries (EED and Dial), as well as payments made to ensure the financing needs of the subsidiaries. These amounts were partially offset by the cash positions taken with the acquisitions of TERRA, Eco Euro Doors and Dial.

### **Trade payables**

The increase in **trade payables** on December 31, 2022 (RON 29.7 million) compared to December 31, 2021 (RON 14.3 million) derives mainly from the trade payables of the newly acquired companies, but also from the increase in debts from Bico and Sarcom, which represents a normal fluctuation according to the operational needs of the companies.

### **Bank debts**

**Bank debts** on December 31, 2022 consist of such debts from Sarcom (RON 48.2 mil. – taken over following the merger with Colorock), Bico (RON 40.2 mil. – for operational activity and investments made), Terra (RON 7.4 mil. – for operational activity), EED (RON 24.1 million – for operational activity, investments and payment of debts to former shareholders), Doorsrock4 (RON 29.3 million for the acquisition of EED), Nativerock1 (RON 32.8 million for the acquisition of Dial ) and Dial (RON 11 million for investments made). These debts are presented either on short or long term, depending on the terms of the loans agreements.

### **Other debts**

Other debts mainly include payment amounts owed by Sarcom to former shareholders (RON 15.2 million), the loan owed by Bico to Mihai Bîrliba (the minority shareholder of Bico), in the amount of RON 4.9 million, payment amounts owed by Doorsrock to former EED shareholders of RON 12.8 million, representing the acquisition of the remaining 30% of EED's share capital and due salaries.

**The income in advance** represents the subsidies for investments from EU funds collected by Bico and Eco Euro Doors in the past years. They are recognized in the profit and loss account on revenues, proportional to the depreciation of fixed assets purchased within these investment programs.

**The subscribed capital** of RON 176.9 million is made up of subscribed and paid-up capital in the amount of RON 105.9 million and the in-kind contribution of 70% of Bico's shares of RON 71 million.

**Losses related to equity instruments** represent costs with intermediaries for the December 2021 private placement, following which Roca Industry raised RON 45 million from individual and professional investors, respectively for the listing on the AeRO market of the Bucharest Stock Exchange, in January 2022.

# INDIVIDUAL PRELIMINARY FINANCIAL RESULTS ANALYSIS

## P&L ANALYSIS

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 operating expenses in the first 12 months of 2022 were in the total amount of RON 3.4 million, representing mainly the operating costs of the holding (personnel expenses, but also expenses related to PR and investor relations activities of the holding).

The financial income, of RON 6.9 million, represents dividend income (Bico dividend distribution for 2021 in the amount of RON 3.2 million), interest income and favorable exchange differences related to loans granted by the Company to its subsidiaries. The financial expenses in the amount of RON 1 million mainly come from unfavorable exchange differences in relation to intra-group loans, but also from interest expenses related to loans received from the majority shareholder.

As a result of these developments, the Company recorded a net profit of RON 2.6 million.

## BALANCE SHEET ANALYSIS

With a weight of 55% in total assets, fixed assets at the end of December amounted to RON 102.3 million, 44% higher than at the end of 2021. The increase is mostly due to new companies entering the Roca Industry's portfolio during 2022.

Current assets, in the amount of RON 82.5 million, down 22% compared to December 2021, are mainly represented by intragroup receivables, respectively by loans granted by Roca Industry to its subsidiaries, Bico, Sarcom, Doorsrock4, Nativerock1, both for the acquisition of new companies, as well as for covering the working capital needs.

Total liabilities, amounting to RON 7.2 million at the end of December 2022, almost 3 times higher than at the end of 2021, are mainly made up of current liabilities to shareholders. Roca Investments granted a loan to the Company for the financing of the holding companies, as well as for the acquisition of the remaining 30% of the share capital of EED, a transaction carried out during December 2022.



# PROFIT AND LOSS ACCOUNT ROCA INDUSTRY HOLDINGROCK1 – CONSOLIDATED (PRELIMINARY)

PROFIT AND LOSS ACCOUNT INDICATORS (RON)	FY 2022	FY 2021
<b>Operating income</b>	<b>278,386,734</b>	-
Turnover	263,118,530	-
Inventory variation	12,732,767	-
Other operating income	2,535,437	-
<b>Operating expenses, of which:</b>	<b>272,672,329</b>	<b>839,110</b>
Material expenses, of which:	195,443,230	-
<i>Expenses with raw materials and consumables</i>	176,827,322	-
<i>Expenses on goods</i>	12,429,850	-
<i>Other expenses</i>	6,186,058	-
Personnel expenses	34,968,213	-
Depreciation expenses and value adjustments	17,291,289	-
Other operating expenses	24,969,597	839,110
<b>Operating result</b>	<b>5,714,405</b>	<b>(839,110)</b>
Financial income	6,224,442	80,804
Financial expenses	15,178,387	215,382
<b>Financial result</b>	<b>(8,953,945)</b>	<b>(134,577)</b>
Total income	284,611,176	80,804
Total expenses	287,850,716	1,054,492
<b>Gross loss</b>	<b>(3,239,540)</b>	<b>(973,687)</b>
Income tax	1,529,285	5,071
<b>Net loss, of which:</b>	<b>(4,768,825)</b>	<b>(978,758)</b>
<i>related to the parent company</i>	(6,319,640)	-
<i>related to non-controlling interests</i>	1,550,815	-

Note: As Roca Industry was established in September 2021, taking majority control in Bico and Sarcom at the end of 2021, the impact of these companies in the consolidated result in FY 2021 was nil. Therefore, the comparison between the financial results of 2022 and those of 2021 is not relevant.

# PROFIT AND LOSS ACCOUNT ROCA INDUSTRY HOLDINGROCK1 – INDIVIDUAL (PRELIMINARY)

PROFIT AND LOSS ACCOUNT INDICATORS (RON)	FY 2022	FY 2021
<b>Operating income</b>	<b>771</b>	<b>-</b>
<b>Operating expenses, of which:</b>	<b>3,359,909</b>	<b>338,717</b>
Material expenses, of which:	78,795	-
<i>Expenses with raw materials and consumables</i>	70,214	-
<i>Other expenses</i>	8,581	-
Personnel expenses	1,406,269	-
Depreciation expenses and value adjustments	7,766	-
Other operating expenses	1,867,079	338,717
<b>Operating result</b>	<b>(3,359,138)</b>	<b>(338,717)</b>
Financial income	6,939,772	172,468
Financial expenses	992,760	3,723
<b>Financial result</b>	<b>5,947,012</b>	<b>168,746</b>
Total income	6,940,543	172,468
Total expenses	4,352,669	342,440
<b>Gross Profit/(Gross Loss)</b>	<b>2,587,874</b>	<b>(169,971)</b>
Income tax	28,835	5,071
<b>Net Profit/(Net Loss)</b>	<b>2,559,039</b>	<b>(175,042)</b>

Note: Roca Industry was established in September 2021. Thus, the financial results achieved in 2022 cannot be compared with those related to the last three months of 2021.

# BALANCE SHEET ROCA INDUSTRY HOLDINGROCK1 – CONSOLIDATED (PRELIMINARY)

BALANCE SHEET INDICATORS (RON)	31.12.2022	31.12.2021	Δ%
<b>Fixed assets, of which:</b>	<b>290,302,284</b>	<b>149,558,333</b>	<b>94%</b>
Intangible assets	157,003,776	102,491,923	53%
Tangible assets	120,609,648	45,787,461	163%
Financial assets	1,812,475	18,206	9856%
Fixed assets under investment	10,876,385	1,260,744	763%
<b>Current assets, of which:</b>	<b>170,864,392</b>	<b>57,968,202</b>	<b>8%</b>
Inventories	101,245,006	39,781,527	155%
Receivables	26,508,421	20,135,138	32%
<i>Trade receivables</i>	23,095,102	17,282,936	34%
<i>Other assets</i>	3,413,319	2,852,202	20%
Short-term investments	12,881,206	17,925,855	-28%
Cash and cash equivalents	30,229,759	80,125,681	-62%
<b>Deferred expenses</b>	<b>2,203,462</b>	<b>397,111</b>	<b>455%</b>
<b>Total assets</b>	<b>463,370,138</b>	<b>307,923,646</b>	<b>50%</b>
<b>Current liabilities, of which:</b>	<b>131,881,954</b>	<b>57,221,361</b>	<b>130%</b>
Third-party providers	29,667,039	14,276,881	108%
Receivables with affiliated companies	-	237,489	-100%
Bank debts	57,710,905	18,344,893	215%
Debts to shareholders	5,118,797	-	-
Other current liabilities	39,385,213	24,362,098	62%
<b>Non-current liabilities, of which:</b>	<b>137,480,912</b>	<b>61,733,752</b>	<b>123%</b>
Bank debts	135,318,611	45,680,250	196%
Other liabilities	2,162,301	16,053,502	-87%
<b>Provisions</b>	<b>441,255</b>	<b>237,271</b>	<b>86%</b>
<b>Deferred income</b>	<b>5,589,963</b>	<b>3,590,850</b>	<b>56%</b>
<b>Total Liabilities</b>	<b>275,394,084</b>	<b>122,783,235</b>	<b>124%</b>
<b>Equity, of which:</b>	<b>167,950,963</b>	<b>174,347,589</b>	<b>-4%</b>
Subscribed and paid-up capital	176,945,730	176,945,730	0%
Share premiums	38	38	0%
Conversion reserves	(27,803)	-	-
Deferred Profit / (Deferred loss)	(961,911)	-	-
Loss for the financial year	(6,319,640)	(978,758)	546%
Losses related to equity instruments	(1,685,451)	(1,619,421)	4%
<b>Non-controlling interests</b>	<b>20,025,091</b>	<b>10,792,822</b>	<b>86%</b>
<b>Total equity and liabilities</b>	<b>463,370,138</b>	<b>307,923,646</b>	<b>50%</b>

# BALANCE SHEET ROCA INDUSTRY HOLDINGROCK1 – INDIVIDUAL (PRELIMINARY)

BALANCE SHEET INDICATORS (RON)	31.12.2022	31.12.2021	Δ%
<b>Fixed assets, of which:</b>	<b>102,305,504</b>	<b>71,012,300</b>	<b>44%</b>
Intangible assets	2,588	-	-
Tangible assets	20,232	-	-
Financial assets	102,282,684	71,012,300	44%
<b>Current assets, of which:</b>	<b>82,508,623</b>	<b>105,985,948</b>	<b>-22%</b>
Receivables	80,474,276	31,594,616	155%
<i>Trade receivables</i>	780,498	-	-
<i>Receivables with affiliated companies</i>	-	-	-
<i>Other assets</i>	1,500,092	-	-
Cash and cash equivalents	2,034,347	74,391,333	-97%
<b>Deferred expenses</b>	<b>34,331</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>184,848,458</b>	<b>176,998,248</b>	<b>4%</b>
<b>Current liabilities, of which:</b>	<b>7,201,656</b>	<b>1,846,943</b>	<b>290%</b>
Third-party providers	306,777	1,841,262	-83%
Debts to shareholders	5,118,797	-	-
Other current liabilities	1,776,082	5,681	-
<b>Deferred income</b>	<b>2,488</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>7,204,144</b>	<b>1,846,943</b>	<b>290%</b>
<b>Equity, of which:</b>	<b>177,644,314</b>	<b>175,151,305</b>	<b>1%</b>
Subscribed and paid-up capital	176,945,730	176,945,730	0%
Share premiums	38	38	0%
Deferred loss	(175,042)	-	-
Profit / (Loss) for the financial year	2,559,039	(175,042)	-1562%
Losses related to equity instruments	(1,685,451)	(1,619,421)	4%
<b>Total equity and liabilities</b>	<b>184,848,458</b>	<b>176,998,248</b>	<b>4%</b>

# DECLARATION OF THE MANAGEMENT

**Bucharest, February 28, 2023**

"I confirm, to the best of my knowledge, that the unaudited preliminary consolidated and individual financial results for the period between 01.01.2022 and 31.12.2022 give a fair and true picture of the assets, liabilities, financial position and income and expenses of Roca Industry Holdingrock1 SA and that the Director's Report gives a fair and true picture of the important events that have occurred during the 12 months of the financial year and their impact on the financial statements of the Company."

**Ioan Adrian Bindea**

**Chairman of the Board of Directors**