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

ROCA INDUSTRY HOLDINGROCK1 SA
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.

ROCA INDUSTRY HOLDINGROCK1 SA
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.

ROCA INDUSTRY HOLDINGROCK1 SA
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 ________________________

ROCA INDUSTRY HOLDINGROCK1 SA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AS AT 31 DECEMBER 2023
(all amounts are expressed as 'RON' unless otherwise specified

	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.

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.*

1. GENERAL INFORMATION (continued)

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*

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*.

1. GENERAL INFORMATION (continued)

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 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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)*;
- *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 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
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.*

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:

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)**

		2022 Revenue from external and 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	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)
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 .

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.

13. BUSINESS COMBINATIONS (continued)

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.

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.

13. BUSINESS COMBINATIONS (continued)

Acquisitions in 2023 - Assets and liabilities taken over (continued)

	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)**
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

13. BUSINESS COMBINATIONS (continued)

Acquisitions in 2023 - Assets and liabilities taken over (continued)

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.

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:

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.

14. GOODWILL (continued)

Assumption	Approach used to determine values
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%

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.

14. GOODWILL (continued)

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 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)**

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)**

17. INVESTMENTS IN ASSOCIATE (continued)

	31 December 2022
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

	31 December 2023	31 December 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**

19. TRADE RECEIVABLES (continued)

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:

Proportion of equity interest held by non-controlling interests:

	2023	**2022**
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)

Transactions with non-controlling interests:

	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)**

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**

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

23. NON-CONTROLLING INTERESTS (continued)

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)**

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.

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%.

28. DEFERRED TAX (continued)

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**
(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.

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.

29. FINANCIAL INSTRUMENTS — RISK MANAGEMENT (continued)

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**

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)**

29. FINANCIAL INSTRUMENTS — RISK MANAGEMENT (continued)

i) Market risk (continued)

a. Foreign exchange risk management (continued)

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**

	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)**

29. FINANCIAL INSTRUMENTS — RISK MANAGEMENT (continued)

i) Market risk (continued)

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 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.

29. FINANCIAL INSTRUMENTS — RISK MANAGEMENT (continued)

ii) Credit risk management (continued)

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**

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.

29. FINANCIAL INSTRUMENTS — RISK MANAGEMENT (continued)

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)**

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)**

29. FINANCIAL INSTRUMENTS — RISK MANAGEMENT (continued)

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.

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.

31. RELATED PARTIES (continued)

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**

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**

			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.

33. COMMITMENTS AND CONTINGENCIES (continued)

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;

- 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,

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 combinations 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.

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.

34. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Investments in associates (continued)

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).

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.

34. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Revenue from contracts with customers (continued)

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

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

34. SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

	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.

34. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Impairment of non-financial assets (continued)

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.

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*.

34. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Leases (continued)

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 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.

34. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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,

34. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial assets (continued)

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,

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.

34. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial liabilities (continued)

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 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**.**

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.

34. SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Taxation (continued)

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.

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.

34. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 currency

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 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.

34. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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): Ioan-Adrian Bindea
Function: CEO

Signature _________________________

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

Signature _________________________