

ROCA INDUSTRY HOLDINGROCK1 SA

CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended at

31 December 2022

prepared in accordance with the
Order of the Minister of Public Finance no. 1802/2014,
as subsequently amended

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ROCA INDUSTRY HOLDINGROCKI SA
CONSOLIDATED BALANCE SHEET

as at 31 December 2022

(all amounts are in lei ("RON"), if not otherwise stated)

| Item description | Row no. | Note | 31.12.2021 | 31.12.2022 |
|---|-----------|----------|--------------------|--------------------|
| A. NON-CURRENT ASSETS | | | | |
| I. INTANGIBLE ASSETS | | | | |
| 1. Set-up costs (acc. 201 - 2081) | 01 | | - | - |
| 2. Development costs (acc. 203 - 2803 - 2903) | 02 | | - | - |
| 3. Concessions, patents, licenses, trademarks and other similar rights and other intangible assets (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908) | 03 | 3 | 62,276,555 | 95,020,271 |
| 4. Goodwill (acc. 2071 - 2807) | 04 | 3 | 40,215,369 | 50,083,697 |
| 5. Advances and intangible assets in progress and evaluation of mineral resources (acc. 206 - 2806 - 2906) | 05 | | - | - |
| 6. Advances for intangible assets (acc. 4094) | 06 | | - | 222,648 |
| TOTAL (row 01 to 06) | 07 | 3 | 102,491,923 | 145,326,616 |
| II. TANGIBLE ASSETS | | | | |
| 1. Land and buildings (acc. 211 + 212 - 2811 - 2812 - 2911 - 2912) | 08 | 3 | 22,058,845 | 66,742,874 |
| 2. Technical equipment & machinery (acc. 213 + 223 - 2813 - 2913) | 09 | 3 | 15,984,466 | 47,422,713 |
| 3. Other equipment & furniture (acc. 214 + 224 - 2814 - 2914) | 10 | 3 | 304,592 | 885,522 |
| 4. Investment property (acc. 215 - 2815 - 2915) | 11 | 3 | - | - |
| 5. Non-current assets in progress (acc. 231 - 2931) | 12 | 3 | 1,260,744 | 12,279,720 |
| 6. Investment property in progress (acc. 235 - 2935) | 13 | | - | - |
| 7. Intangible assets in progress and evaluation of mineral resources (acc. 216 - 2816 - 2916) | 14 | | - | - |
| 8. Bearer biological assets (acc. 217 + 227 - 2817 - 2917) | 15 | | - | - |
| 9. Advances for tangible assets (acc. 4093) | 16 | 3 | 7,439,558 | 8,195,358 |
| TOTAL (row 08 to 16) | 17 | 3 | 47,048,205 | 135,526,187 |
| III. FINANCIAL ASSETS | | | | |
| 1. Shares in related parties (acc. 261 - 2961) | 18 | | - | - |
| 2. Loans granted to related parties (acc. 2671 + 2672 - 2964) | 19 | | - | - |
| 3. Investments in related parties and in jointly controlled entities (acc. 262 + 263 - 2962) | 20 | | - | - |
| Equivalent securities | 201 | | - | 1,092,284 |
| 4. Loans granted to related parties and to jointly controlled entities (acc. 2673 + 2674 - 2965) | 21 | | - | - |
| 5. Other long term investments (acc. 265 + 266 - 2963) | 22 | | 7,768 | 7,768 |
| 6. Other loans (acc. 2675* + 2676* + 2677 + 2678* + 2679* - 2966* - 2968*) | 23 | | 10,438 | 712,423 |
| TOTAL (row 18 to 23) | 24 | | 18,206 | 1,812,475 |
| NON-CURRENT ASSETS - TOTAL (row 07 + 17 + 24) | 25 | | 149,558,333 | 282,665,278 |
| B. CURRENT ASSETS | | | | |
| I. INVENTORIES | | | | |
| 1. Raw materials and consumables (acc. 301 + 302 + 303 +/- 308 + 321 + 322 + 323 + 328 + 351 + 358 + 381 +/- 388 - 391 - 392 - 3951 - 3958 - 398) | 26 | 4 | 18,554,176 | 41,505,542 |
| 2. Work in progress (acc. 331 + 332 + 341 +/- 348* - 393 - 3941 - 3952) | 27 | 4 | 3,084,820 | 5,756,368 |
| 3. Finished goods and merchandises (acc. 327 + 345 + 346 + 347 +/- 348* + 354 + 356 + 357 + 361 + 326 +/- 368 + 371 +/- 378 - 3945 - 3946 - 3947 - 3953 - 3954 - 3955 - 3956 - 3957 - 396 - 397 - din ct. 4428) | 28 | 4 | 14,484,405 | 49,867,503 |
| 4. Advances for inventories (acc. 4091) | 29 | 4 | 3,658,125 | 3,897,065 |
| TOTAL (row 26 to 29) | 30 | 4 | 39,781,527 | 101,026,478 |

ROCA INDUSTRY HOLDINGROCKI SA
CONSOLIDATED BALANCE SHEET

as at 31 December 2022

(all amounts are in lei ("RON"), if not otherwise stated)

| Item description | Row no. | Note | 31.12.2021 | 31.12.2022 |
|---|-----------|----------|--------------------|--------------------|
| II. RECEIVABLES | | | | |
| (Amounts to be collected after a period of more than one year must be presented separately for each item) | | | | |
| 1. Trade receivables (acc. 2675* + 2676* + 2678* + 2679* - 2966* - 2968* + 4092 + 411 + 413 + 418 - 491) | 31 | 5 | 17,282,936 | 23,066,782 |
| 2. Amounts receivable from related parties (acc. 451** - 495*) | 32 | | - | - |
| 3. Amounts receivable from related parties and jointly controlled entities (acc. 453 - 495*) | 33 | | - | - |
| 4. Other receivables (acc. 425 + 4282 + 431** + 437** + 4382 + 441** + 4424 + din ct. 4428** + 444** + 445 + 446** + 447** + 4482 + 4582 + 4662 + 461 + 473** - 496 + 5187) | 34 | 5 | 2,852,202 | 3,014,822 |
| 5. Subscribed and unpaid share capital (acc. 456 - 495*) | 35 | | - | - |
| 6. Receivables representing dividends distributed during the financial year | 35a | | | |
| TOTAL (row 31 to 35a) | 36 | 5 | 20,135,138 | 26,081,604 |
| | | | | |
| III. SHORT TERM INVESTMENTS | | | | |
| 1. Shares in related parties (acc. 501 - 591) | 37 | | - | - |
| 2. Other short term investments (acc. 505 + 506 + 507 + din ct. 508 - 595 - 596 - 598 + 5113 + 5114) | 38 | 6 | 17,925,855 | 881,206 |
| TOTAL (row 37 + 38) | 39 | 6 | 17,925,855 | 881,206 |
| | | | | |
| IV. CASH AND CASH EQUIVALENTS | | | | |
| (acc. 508 + ct. 5112 + 512 + 531 + 532 + 541 + 542) | 40 | 7 | 80,125,681 | 42,234,556 |
| | | | | |
| CURRENT ASSETS – TOTAL (row 30 + 36 + 39 + 40) | 41 | | 157,968,202 | 170,223,844 |
| | | | | |
| C. Deferred expense (acc. 471) (row 43+44) | 42 | | 397,111 | 2,203,462 |
| Amounts to be resumed in a period of up to one year (from acc. 471*) | 43 | | 60,293 | 388,239 |
| Amounts to be resumed in a period exceeding one year (from acc. 471*) | 44 | | 336,818 | 1,815,223 |
| | | | | |
| D. LIABILITIES: AMOUNTS TO BE PAID IN A PERIOD LESS THAN ONE YEAR | | | | |
| 1. Debenture loans, presenting separately from the convertible debenture loans (acc. 161 + 1681 - 169) | 45 | | - | - |
| 2. Amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198) | 46 | 8 | 18,344,893 | 57,710,905 |
| 3. Advance payments from customers (ct. 419) | 47 | 8 | 955,402 | 470,149 |
| 4. Trade payables - suppliers (acc. 401 + 404 + 408) | 48 | 8 | 14,276,881 | 28,829,480 |
| 5. Bills of exchange payable (acc. 403 + 405) | 49 | | - | - |
| 6. Amounts owed to the entities of the group (acc. 1661 + 1685 + 2691 + 451***) | 50 | | - | - |
| 7. Amounts owed to associates and to jointly controlled entities (acc. 1663 + 1686 + 2692 + 2693 + 453***) | 51 | 8 | 237,489 | 5,118,797 |
| 8. Other liabilities including tax and social security debts (acc. 1623 + 1626 + 167 + 1687 + 2695 + 421 + 423 + 424 + 426 + 427 + 4281 + 431*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 457 + 4581 + 462 + 4661 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197) | 52 | 8 | 23,406,696 | 38,953,931 |
| TOTAL (row 45 to 52) | 53 | 8 | 57,221,361 | 131,083,262 |
| | | | | |
| E. NET CURRENT ASSETS/NET CURRENT LIABILITIES (row 41 + 43 - 53 - 70 - 73- 76) | 54 | | 100,241,837 | 38,525,300 |

ROCA INDUSTRY HOLDINGROCKI SA
CONSOLIDATED BALANCE SHEET

as at 31 December 2022

(all amounts are in lei ("RON"), if not otherwise stated)

| Item description | Row no. | Note | 31.12.2021 | 31.12.2022 |
|---|-----------|-----------|--------------------|--------------------|
| F. TOTAL ASSETS MINUS CURRENT LIABILITIES (row 25 + 44 +54) | 55 | | 250,136,988 | 323,005,801 |
| G. LIABILITIES: AMOUNTS TO BE PAID IN A PERIOD LONGER THAN ONE YEAR | | | | |
| 1. Debenture loans presenting separately the loans from the convertible debenture loans (acc. 161 + 1681 - 169) | 56 | | - | - |
| 2. Amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198) | 57 | 8 | 45,680,250 | 135,318,611 |
| 3. Advance payments from customers (acc. 419) | 58 | | - | - |
| 4. Trade payables-suppliers (acc. 401 + 404 + 408) | 59 | | - | - |
| 5. Bills of exchange payable (acc. 403 + 405) | 60 | | - | - |
| 6. Amounts owed to the entities of the group (acc. 1661 + 1685 + 2691 + 451***) | 61 | | - | - |
| 7. Amounts owed to associates and to jointly controlled entities (acc. 1663 + 1686 + 2692 + 2693 + 453***) | 62 | | - | - |
| 8. Other liabilities including tax and social security debts (acc. 1623 + 1626 + 167 + 1687 + 2695 + 421 + 423 + 424 + 426 + 427 + 4281 + 431*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 4581 + 462 + 4661 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197) | 63 | 8 | 16,053,502 | 2,162,301 |
| TOTAL (row 56 to 63) | 64 | 8 | 61,733,752 | 137,480,912 |
| H. PROVISIONS | | | | |
| 1. Provisions for pensions and similar obligations (acc. 1515 + 1517) | 65 | | - | - |
| 2. Provisions for taxes (acc. 1516) | 66 | 9 | - | 1,619,261 |
| 3. Other provisions (acc. 1511 + 1512 + 1513 + 1514 + 1518) | 67 | 9 | 237,271 | 578,527 |
| TOTAL (row 65 to 67) | 68 | 9 | 237,271 | 2,197,788 |
| I. DEFERRED INCOME | | | | |
| 1. Investment subsidies (acc. 475) (row 70 + 71): | 69 | 10 | 3,589,390 | 5,582,449 |
| Amounts to be resumed in a period of up to one year (from acc. 475*) | 70 | 10 | 563,837 | 996,007 |
| Amounts to be resumed in a period longer than one year (from acc. 475*) | 71 | 10 | 3,025,553 | 4,586,442 |
| 2. Deferred income (acc. 472) - total (row 73 + 74), out of which: | 72 | 10 | 1,460 | 7,514 |
| Amounts to be resumed in a period of up to one year (from acc. 472*) | 73 | 10 | 1,460 | 7,514 |
| Amounts to be resumed in a period longer than one year (from. 472*) | 74 | | - | - |
| 3. Deferred income related to assets received by transfer from customers (acc. 478) (row 76 + 77): | 75 | | - | - |
| Amounts to be resumed in a period of up to one year (from acc. 478*) | 76 | | - | - |
| Amounts to be resumed in a period longer than one year (from acc. 478*) | 77 | | - | - |
| Gain on bargain purchase (acc. 2075) | 78 | | - | - |
| TOTAL (row 69 + 72 + 75+78) | 79 | 10 | 3,590,850 | 5,589,963 |
| J. CAPITAL AND RESERVES | | | | |
| I. CAPITAL | | | | |
| 1. Subscribed and paid in share capital (acc. 1012) | 80 | 11 | 176,945,730 | 176,945,730 |
| 2. Subscribed and not paid in share capital (acc. 1011) | 81 | | - | - |
| 3. Patrimony (acc. 1015) | 82 | | - | - |
| 4. Patrimony of national research and development institutes (acc. 1018) | 83 | | - | - |
| 5. Other equity items (acc. 1031) | 84 | | - | - |
| Balance C | | | | |
| TOTAL (row 80 + 81 + 82 + 83 + 84) | 85 | 11 | 176,945,730 | 176,945,730 |

ROCA INDUSTRY HOLDINGROCK1 SA
CONSOLIDATED BALANCE SHEET

as at 31 December 2022

(all amounts are in lei ("RON"), if not otherwise stated)

| Item description | Row no. | Note | 31.12.2021 | 31.12.2022 |
|---|------------|------------|--------------------|--------------------|
| II. SHARE PREMIUM (acc. 104) | 86 | | 38 | 38 |
| III. REVALUATION RESERVE (acc. 105) | 87 | 11 | - | 4,693,364 |
| IV. RESERVES | | | | |
| 1. Legal reserve (acc. 1061) | 88 | | - | - |
| 2. Statutory or contractual capital reserve (acc. 1063) | 89 | | - | - |
| 3. Other reserve (acc. 1068) | 90 | | - | - |
| TOTAL (row 88 to 90) | 91 | | - | - |
| Own shares (acc. 109) | 92 | | - | - |
| Gains related to equity instruments (acc. 141) | 93 | | - | - |
| Losses related to equity instruments (acc. 149) | | | 1,619,421 | 1,685,451 |
| Balance D | 94 | | | |
| TRANSLATION RESERVES | Balance C | 951 | - | - |
| | Balance D | 961 | - | 185,330 |
| V. RETAINED EARNINGS (acc. 117) | Balance C | 95 | - | - |
| | Balance D | 96 | - | 961,910 |
| VI. PROFIT OR LOSS FOR THE PERIOD (acc. 121) | | | | |
| | Balance C | 97 | - | - |
| | Balance D | 98 | 978,758 | 19,619,145 |
| Profit distribution (acc. 129) | 99 | | - | - |
| EQUITY - TOTAL (row 85+86+87+91+95-96+97-98-99) | 100 | | 174,347,589 | 159,187,296 |
| Public patrimony (acc. 1016) | 101 | | - | - |
| Private patrimony (acc. 1017) | 102 | | - | - |
| VII. NON-CONTROLLING INTERESTS | 103 | | 10,792,822 | 19,553,363 |
| 1. Profit or loss for the period | 104 | | - | 1,395,378 |
| 2. Other own capital | 105 | | 10,792,822 | 18,157,985 |
| TOTAL EQUITY - TOTAL (row 100 + 101 + 102) | 106 | | 185,140,411 | 178,740,659 |

ADMINISTRATOR,

Name and surname:
Ioan-Adrian Bindea

Signature _____

Prepared by,

Name and surname: Monocont Evidence SRL
Status: Authorised legal persons, CECCAR members

Signature _____

ROCA INDUSTRY HOLDINGROCK1 SA
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2022
(all amounts are in lei ("RON"), if not otherwise stated)

| Item description | Row no. | Note | Year ended | |
|---|-----------|-----------|----------------|--------------------|
| | | | 2021 | 2022 |
| 1. Net revenue (row 02 + 03 – 04 + 05 + 06) | 01 | 12 | - | 263,118,530 |
| Revenue from finished goods and services (acc. 701 + 702 + 703 + 704 + 705 + 706 + 708) | 02 | 12 | - | 254,307,514 |
| Revenue from sale of merchandise (acc. 707) | 03 | 12 | - | 14,920,498 |
| Trade discounts granted (acc. 709) | 04 | 12 | - | 6,109,482 |
| Interest income recorded by entities removed from the General Register and which have ongoing leases (acc. 766*) | 05 | | - | - |
| Income from operating grants related to net revenue (acc. 7411) | 06 | | - | - |
| 2. Income associated with the costs of completed production (acc. 711 + 712) | Balance C | 07 | - | 12,933,174 |
| | Balance D | 08 | - | - |
| 3. Own work capitalised (acc. 721 + 722) | 09 | | - | - |
| 4. Income from revaluation of non-current assets (acc. 755) | 10 | | - | 47,365 |
| 5. Income from property investment production (acc. 725) | 11 | | - | - |
| 6. Income from subsidies (acc. 7412 + 7413 + 7414 + 7415 + 7416 + 7417 + 7419) | 12 | | - | 492,688 |
| 7. Other operating income (acc. 751 + 758 + 7815) | 13 | | - | 2,635,037 |
| - out of which, income from negative goodwill (acc. 7815) | 14 | | - | - |
| - out of which, income from investment subsidies (acc. 7584) | 15 | | - | - |
| OPERATING INCOME - TOTAL (row 01 + 07 - 08 + 09 + 10 + 11 + 12 + 13) | 16 | | - | 279,226,794 |
| 8. a) Raw materials and consumables expenses (acc. 601 + 602) | 17 | | - | 166,942,432 |
| Other expenses with materials (acc. 603 + 604 + 606 + 608) | 18 | | - | 10,127,803 |
| b) Other expenses (with energy and water) (acc. 605 - 7413) | 19 | | - | 6,175,532 |
| c) Cost of sale of merchandise (acc. 607) | 20 | | - | 12,012,445 |
| Trade discounts received (acc. 609) | 21 | | - | 182,393 |
| 9. Personnel related expenses (row 23 + 24), out of which: | 22 | | - | 34,968,213 |
| a) Salaries and wages (acc. 641 + 642 + 643 + 644) | 23 | | - | 34,274,802 |
| b) Social security and other related costs (acc. 645) | 24 | | - | 693,411 |
| 10. a) Impairments on non-current assets (row 26 - 27) | 25 | | - | 30,351,851 |
| a.1) Expenses (acc. 6811 + 6813 + 6817) | 26 | | - | 30,351,851 |
| a.2) Income (acc. 7813) | 27 | | - | - |
| b) Impairments on current assets (row 29 - 30) | 28 | | - | 766,719 |
| b.1) Expenses (acc. 654 + 6814) | 29 | | - | 2,692,586 |
| b.2) Income (acc. 754 + 7814) | 30 | | - | 1,925,867 |
| Other operating expenses (row 32 to 38) | 31 | 13 | 839,110 | 25,630,982 |
| 11.1. Expenses with third party services (acc. 611 + 612 + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628) | 32 | 13 | 785,641 | 23,558,490 |
| 11.2. Other taxes, duties or assimilated expenses; expenses representing transfers and contributions due under special regulations (acc. 635 + 6586*) | 33 | 13 | 53,469 | 1,193,498 |
| 11.3. Expenses with environmental protection (acc. 652) | 34 | 13 | - | 232,859 |
| 11.4. Expenses from revaluation of tangible assets (acc. 655) | 35 | 13 | - | 66,096 |

ROCA INDUSTRY HOLDINGROCKI SA
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2022
(all amounts are in lei ("RON"), if not otherwise stated)

| Item description | Row no. | Note | Year ended | |
|---|------------|-----------|------------------|--------------------|
| | | | 2021 | 2022 |
| 11.5. Expenses regarding calamities and other similar events (acc. 6587) | 36 | 13 | - | 2,389 |
| 11.6. Other expenses (acc. 651 + 6581+ 6582 + 6583 + 6588) | 37 | 13 | - | 577,650 |
| Expenses with refinancing interests recorded by the General register of removed entities that have ongoing leasing agreements (acc. 666*) | 38 | | - | - |
| Adjustments related to provisions (row 40 - 41) | 39 | | - | 343,538 |
| - Expenses (acc. 6812) | 40 | | - | 601,065 |
| - Income (acc. 7812) | 41 | | - | 257,527 |
| OPERATING EXPENSES – TOTAL (row 17 la 20 - 21 + 22 + 25 + 28 + 31 + 39) | 42 | | 839,110 | 287,137,122 |
| OPERATING PROFIT/LOSS: | | | | |
| - Profit (row 16 - 42) | 43 | | - | - |
| - Loss (row 42 - 16) | 44 | | 839,110 | 7,910,328 |
| 12. Income from controlling interests (acc. 7611 + 7612 + 7613) | 45 | | - | - |
| - out of which income obtained from related parties | 46 | | - | - |
| 13. Interest income (acc. 766*) | 47 | 14 | 24,468 | 42,304 |
| - out of which income obtained from related parties | 48 | | - | - |
| 14. Income from subsidies for interest due (acc. 7418) | 49 | | - | - |
| 15. Other financial income (acc. 7615 + 762 + 764 + 765 + 767 + 768) | 50 | 14 | 56,336 | 1,853,710 |
| - out of which, income from other financial assets (acc. 7615) | 51 | | - | - |
| FINANCIAL INCOME - TOTAL (row 45 + 47 + 49 + 50) | 52 | 14 | 80,804 | 1,896,014 |
| 16. Impairment on financial assets and financial investments held as current assets (row 54 - 55) | 53 | | - | - |
| - Expenses (acc. 686) | 54 | | - | - |
| - Revenues (acc. 786) | 55 | | - | - |
| 17. Interest expenses (acc. 666*) | 56 | 14 | 108,703 | 7,329,282 |
| - of which, expenses in relation with affiliated entities | 57 | | - | - |
| Other financial expenses (acc. 663 + 664 + 665 + 667 + 668) | 58 | 14 | 106,678 | 3,329,475 |
| FINANCIAL EXPENSES - TOTAL (row 53 + 56 + 58) | 59 | 14 | 215,382 | 10,658,757 |
| FINANCIAL RESULT FOR THE PERIOD: | | | | |
| - Profit (row 52 - 59) | 60 | | - | - |
| - Loss (row 59 - 52) | 61 | | 134,577 | 8,762,743 |
| TOTAL INCOME (row 16 + 52) | 62 | | 80,804 | 281,122,808 |
| TOTAL EXPENSES (row 42 + 59) | 63 | | 1,054,492 | 297,795,879 |
| PROFIT OR LOSS OF ASSOCIATES | | | | |
| - Profit | 601 | | - | - |
| - Loss | 611 | | - | 49,715 |

ROCA INDUSTRY HOLDINGROCK1 SA
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2022
(all amounts are in lei ("RON"), if not otherwise stated)

| Item description | Row no. | Note | Year ended | |
|---|-----------|------|------------------|---------------------|
| | | | 2021 | 2022 |
| 18. GROSS PROFIT OR LOSS: | | | | |
| - Profit (row 62 - 63) | 64 | | - | - |
| - Loss (row 63 - 62) | 65 | | 973,687 | 16,722,786 |
| 19. Income tax expense (acc. 691) | 66 | | - | 1,454,593 |
| 20. Other taxes not presented among the above items (acc. 698) | 67 | | 5,071 | 46,388 |
| 21. NET PROFIT OR LOSS FOR THE YEAR: | | | | |
| - Profit (row 64 - 66 - 67) | 68 | | - | - |
| - Loss (row 65 + 66 + 67); (row 66 + 67 - 64) | 69 | | 978,758 | 18,223,767 |
| 22. ATRIBUTABLE TO OWNERS OF THE COMPANY - Profit/(loss) | 70 | | (978,758) | (19,619,145) |
| 23. ATRIBUTABLE TO NON-CONTROLLING INTERESTS - Profit/(loss) | 71 | | - | 1,395,378 |

ADMINISTRATOR,

Name and surname:
Ioan-Adrian Bindea

Signature _____

Prepared by,

Name and surname: Monocont Evidence SRL
Status: Authorised legal persons, CECCAR members

Signature _____

ROCA INDUSTRY HOLDINGROCK1 SA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

(all amounts are in lei ("RON"), if not otherwise stated)

| Item description | Balance as at 31 December 2021 | Increase | | Decrease | | Balance as at 31 December 2022 |
|---|--------------------------------------|------------------------|------------------|------------------------|------------------|--------------------------------------|
| | | Total, out of which | By transfer | Total, out of which | By transfer | |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| Subscribed share capital | 176,945,730 | - | - | - | - | 176,945,730 |
| Share premium | 38 | - | - | - | - | 38 |
| Revaluation reserve | - | 4,693,364 | - | - | - | 4,693,364 |
| Losses related to equity instruments – debit balance | (1,619,421) | (66,030) | - | - | - | (1,685,451) |
| Translation reserves | - | (185,330) | - | - | - | (185,330) |
| Retained earnings | D | (978,758) | (978,758) | (16,848) | - | (961,910) |
| Loss for the year | D | (978,758) | (19,619,145) | (978,758) | (978,758) | (19,619,145) |
| Total own equity | 174,347,589 | (16,155,899) | (978,758) | (995,606) | (978,758) | 159,187,296 |
| Non-controlling interests – result for the year | - | 1,395,378 | - | - | - | 1,395,378 |
| Non-controlling interests – other equity items | 10,792,822 | 7,365,163 | - | - | - | 18,157,985 |
| Total equity | 185,140,411 | (7,395,358) | (978,758) | (995,606) | (978,758) | 178,740,659 |

Revaluation reserves

As at 31 December 2022, revaluation reserves recognised represent the surplus from the revaluation of tangible assets, land and buildings.

Losses related to equity instruments

Losses related to equity instruments represent the costs of intermediaries for the private placement from December 2021, when the Company attracted RON 45 million from individual and professional investors. The entries during the year also represents costs of intermediaries for the private placement and the listing on the AERO market from January 2022.

Translation reserves

Translation reserves are the result of the exchange rate differences of the assets and liabilities of non-resident companies (e.g. Terra Impex SRL), an entity from Republic of Moldova acquired by Bico Industries at the end of first quarter of 2022.

Non-controlling interests

The increase of approximately RON 7.3 million from *Non-controlling interests - Other equity items* represents the impact of the 30% share not controlled by the parent company from the shares of Euro Eco Doors SRL, until December 2022, when Roca Industry increased its participation to 100% of the share capital of EED.

ADMINISTRATOR,

Prepared by,

Name and surname:
Ioan-Adrian Bindea

Name and surname: Monocont Evidence SRL
Status: Authorised legal persons, CECCAR members

Signature _____

Signature _____

ROCA INDUSTRY HOLDINGROCK1 SA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

(all amounts are in lei ("RON"), if not otherwise stated)

| Item description | Balance as at 31 December 2020 | Increase | | Decrease | | Balance as at 31 December 2021 |
|---|--------------------------------------|------------------------|----------------|------------------------|----------------|--------------------------------------|
| | | Total, out of which | By transfer | Total, out of which | By transfer | |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| Subscribed share capital | - | 176,945,730 | - | - | - | 176,945,730 |
| Share premium | - | 38 | - | - | - | 38 |
| Losses related to equity instruments – debit balance | - | (1,619,421) | - | - | - | (1,619,421) |
| Retained earnings | Debit | - | - | - | - | - |
| Loss for the year | Debit | - | (978,758) | - | - | (978,758) |
| Total own equity | - | 174,347,589 | - | - | - | 174,347,589 |
| Non-controlling interests – result for the year | - | - | - | - | - | - |
| Non-controlling interests – other equity items | - | 10,792,822 | - | - | - | 10,792,822 |
| Total equity | - | 185,140,411 | - | - | - | 185,140,411 |

Changes in subscribed share capital

The subscribed share capital as at December 31, 2021 consists of: RON 105.9 million, representing subscribed paid share capital and RON 71 million, representing the contribution in kind of 70% of the shares of Bico Industries SA.

Losses related to equity instruments

Losses related to equity instruments represent the costs of intermediaries for the private placement from December 2021, when the Company attracted RON 45 million from individual and professional investors.

ADMINISTRATOR,

Name and surname:
Ioan-Adrian Bindea

Signature _____

Prepared by,

Name and surname: Monocont Evidence SRL
Status: Authorised legal persons, CECCAR members

Signature _____

ROCA INDUSTRY HOLDINGROCK1 SA
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2022
(all amounts are in lei ("RON"), of not otherwise stated)

| Item description | Year ended | |
|--|---------------------|----------------------|
| | 2021 | 2022 |
| A | 1 | 2 |
| Cash flows from operating activities | | |
| Net result for the year - loss for the year | (973,687) | (18,223,767) |
| Adjustments for: | | |
| Net financial result | 134,577 | 8,762,743 |
| Amortisation and depreciation | - | 17,492,415 |
| Impairment of tangible and intangible assets | - | 12,859,436 |
| Impairment of trade and other receivables, net | - | 766,719 |
| Changes in provisions, net | - | 343,538 |
| Income tax expense | - | 1,499,509 |
| Cash generated from operating activities before working capital changes | (839,110) | 23,500,593 |
| Changes in working capital: | | |
| Increase of inventories | - | (4,260,886) |
| (Increase)/ decrease of trade receivables and prepayments | (124,191) | 22,978,218 |
| Decrease of liabilities and deferred income | (6,732,047) | (19,799,663) |
| Interests paid | - | (4,165,532) |
| Income tax paid | - | (2,865,719) |
| Net cash generated (used in)/from operating activities | (7,695,347) | 15,387,011 |
| Cash flows from investing activities | | |
| Payments for acquisition of subsidiaries | (62,556,624) | (70,413,999) |
| Payments for purchase of tangible assets | - | (38,251,273) |
| Payments for purchase of intangible assets | - | (239,741) |
| Other purchases of tangible and intangible assets, net of cash | - | (57,509,085) |
| Net cash generated used in investing activities | (62,556,624) | (166,414,098) |
| Cash flows from financing activities | | |
| Proceeds from the subscribed share capital | 105,933,430 | - |
| Losses related to equity instruments | - | (66,030) |
| Payment of commissions related to contracted bank loans | (392,954) | - |
| Proceeds from bank loans | 40,653,590 | 145,710,654 |
| Reimbursements of bank loans | - | (42,855,520) |
| Dividends paid | - | (473,068) |
| Proceeds from loans received from related parties | - | 12,231,400 |
| Reimbursements from loans received from related parties | - | (7,300,000) |
| Net cash generated from financing activities | 146,194,065 | 107,247,436 |
| Net increase/(decrease) in cash and cash equivalents | 75,942,094 | (43,779,651) |
| Cash and cash equivalents at the beginning of the year | - | 80,125,681 |
| Cash and cash equivalents from subsidiaries acquired during the period | 4,183,587 | 5,888,526 |
| Cash and cash equivalents at the end of the year | 80,125,681 | 42,234,556 |

ADMINISTRATOR,

Name and surname:
Ioan-Adrian Bindea

Signature _____

Prepared by,

Name and surname: Monocont Evidence SRL
Status: Authorised legal persons, CECCAR members

Signature _____

ROCA INDUSTRY HOLDINGROCK1 SA
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2022

(all amounts are in lei ("RON"), if not otherwise stated)

NOTE 1: ACTIVITY DESCRIPTION

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

Roca Industry is the first strategic project of 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.

Roca Industry operates and implements the business strategy through its subsidiaries: BICO Industries SA, SARCOM SRL (in December 2022, the company has absorbed Colorock13 – the SPV through which the purchase of Sarcom was conducted, with the purpose of obtaining a loan facility enabling the necessary financing structure) ECO EURO DOORS SRL, DIAL SRL, two special purpose vehicles (SPVs Doorsrock4 SRL and Nativerock1 SRL). Also, as at 31 December 2022 BICO Industries SA owned Terra (70%) and EUROPLAS LUX SRL (50%), both acquired during the year 2022.

The Company's subsidiaries activate in the field of construction materials, i.e. in the production of fiberglass and fiberglass reinforcement (BICO, Terra, Europlas), and production of varnishes, paints, and decorative plasters (SARCOM), production of doors for residential buildings (ECO EURO DOORS), as well as the production of edged panels and fencing mesh (DIAL).

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, and through EUROPLAS LUX S.R.L. ("Europlas"). 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 5% package of the share capital will be completed in the first part of 2023.

SARCOM SRL ("SARCOM") is a company incorporated in 1993, focused on the production of paints, primers, varnishes, thinners, washables, adhesives, decorative plasters and dyes. SARCOM 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 Sarcom and Colorock13 (SPV through which the purchase of Sarcom 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 Sarcom.

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)).

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.

ROCA INDUSTRY HOLDINGROCK1 SA
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2022

(all amounts are in lei (“RON”), if not otherwise stated)

These consolidated financial statements refer to Roca Industry Holdingrock1 SA and the 7* subsidiaries in which the Company holds participations (“the Group” or “the Companies”):

| Subsidiary | % shareholding 31.12.2021 | % shareholding 31.12.2022 | Consolidation date |
|----------------------|--------------------------------------|--------------------------------------|-------------------------------|
| BICO Industries SA | 70,00% | 70,00% | 31.12.2021 |
| TERRA Impex SRL | - | 70,00% | 31.03.2022 |
| SARCOM SRL | 100,00% | 100,00% | 31.12.2021 |
| ECO EURO DOORS SRL** | - | 100,00% | 31.05.2022 |
| DIAL SRL | - | 70,00% | 30.09.2022 |
| COLOROCK13 SRL* | 100,00% | 100,00% | 04.10.2021 |
| DOORSROCK4 SRL | 100,00% | 100,00% | 01.01.2022 |
| NATIVEROCK1 SRL | - | 100,00% | 01.01.2022 |

**) On December 2022, the merger between Sarcom and Colorock took place, through which the SPV - Colorock was absorbed by Sarcom;*

****) On December 2022, following the exercise of put option by the former shareholders, Roca Industry increased its participation to 100% from the share capital of EED.*

Russia – Ukraine conflict

The invasion of Ukraine by the Russian Federation and the development of the conflict with global impact could have a significant impact on companies with physical operations in Ukraine, Russia and Belarus, as well as on entities with indirect interests (e.g. those with clients and suppliers, investments and creditors with operations in these countries). Also, the sanctions imposed on the Russian government, Russian entities and Russian individuals in many jurisdictions could affect companies, such as by losing access to financial resources and trade, but also by the side effects of sanctions on global prices (e.g. oil, natural gas and other petroleum products). The effects of the conflict are widespread and rapidly evolving. Companies that do not have operations in Russia and Ukraine could still be affected by the conflict, the effects including, but not limited to:

- Destruction, confiscation or abandonment of tangible and intangible property / assets;
- Sanctions imposed on a company that may impact its ability to operate (eg access to funds, banking systems, etc.);
- Sanctions imposed on the clients of a company, which can impact its ability to sell goods and services and collect receivables;
- Sanctions imposed on a company's suppliers, which may impact its ability to obtain raw materials, goods and services, or which may indirectly increase its costs of obtaining these elements from alternative sources;
- Sanctions imposed on creditors and / or banks of an entity, which may limit its capacity to access financing;
- Changes in the approach of customers and consumers on companies connected with Russia, Belarus or other jurisdictions related to the Russian Federation, which could reduce the demand for products of those companies;
- Changes in risk appetite that may lead to the situation in which creditors and investors withdraw their financial support for companies with ties to Russia, resulting in an increased liquidity risk and / or doubts about the continuity of the activity of those companies;
- Volatility in the prices of financial instruments and commodities, including oil, natural gas, other petroleum products and minerals, but also volatility in foreign exchange rates.

However, based on the information available at the time of preparation of this report, the Company’s management has not identified any concrete potential risks related to the Russia- Ukraine conflict, so no significant impact on the current course of operations is estimated. The Company's direct exposure to business partners affected by the sanctions imposed since the conflict began (customers, suppliers, banking institutions with which the Company collaborates, who have been directly affected by the sanctions, as well as risks related to the future volatility of commodity prices or exchange rates) it is difficult to quantify. At the date of approval of these financial statements, the Company's management has no indication of any significant impact on the Company's business.

ROCA INDUSTRY HOLDINGROCK1 SA
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2022

(all amounts are in lei ("RON"), if not otherwise stated)

NOTE 2: ACCOUNTING PRINCIPLES, POLICIES AND METHODS

Basis of preparation of the consolidated financial statements

These are the consolidated financial statements of Roca Industry Holdingrock1 SA, as at and for the year ended 31 December 2022, prepared voluntarily by the Company, in accordance with:

- Accounting Law 82/1991 (republished in 2015);
- The Order of the Minister of Public Finance no. 1802/2014 as subsequently amended ("OMFP 1802/2014").

These consolidated financial statements are translated from Romanian, in case of discrepancy between the two versions, the Romanian version prevails.

These consolidated financial statements contain:

- Consolidated balance sheet;
- Consolidated profit and loss account;
- Consolidated statement of changes in equity;
- Consolidated statement of cash flows;
- Explanatory notes to the consolidated financial statements.

The consolidated financial statements refers to Holdingrock1 SA and its subsidiaries: Bico Industries SA, Terra Impex SRL, Doorsrock SRL, Eco Euro Doors SRL, Sarcom SRL, Colorock13 SRL, Nativerock1 and Dial (the "Group" or the "Companies").

The accounting entries on the basis of which these consolidated financial statements have been prepared are made in lei ("RON"). These consolidated financial statements are presented in lei ("RON"), unless otherwise indicated.

These financial statements are not intended to present the financial position, the result of operations, cash flows and a complete set of notes to the financial statements in accordance with accounting regulations and principles accepted in countries and jurisdictions other than Romania. Therefore, the financial statements are not prepared for the use of persons who do not know the accounting and legal regulations in Romania, including the Order of the Minister of Public Finance no. 1802/2014 as subsequently amended.

2.1 Significant accounting principles

The consolidated financial statements have been prepared in accordance with the following accounting principles:

The going concern principle

For the foreseeable future the Group will normally continue to operate without being unable to continue its activity or significantly reducing it.

The consistency (of preparation) principle

Application of the same rules, methods, standards for the valuation, recording and presentation of assets and liabilities, ensuring the comparability of accounting information over time

The principle of prudence

When preparing the annual financial statements, the recognition and evaluation were performed on a prudent basis and, in particular:

- a) only the profit achieved at the balance sheet date was included in the profit and loss account;
- b) debts incurred during the current financial year or the previous year have been recognized even if they become apparent only between the balance sheet date and the date of its preparation;
- c) impairments were recognized, regardless of whether the result for the financial year is a loss or a profit.

ROCA INDUSTRY HOLDINGROCK1 SA
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2022
(all amounts are in lei ("RON"), if not otherwise stated)

The accrual principle

The effects of transactions and other events were recognized when the transactions and events occurred (and not as cash or cash equivalents were received or paid) and were recorded in the accountancy and reported in the financial statements for the periods in question.

All the income and expenses for the year were taken into account, regardless of the date of collection or payment.

The income and expenses that resulted directly and simultaneously from the same transaction were recognized simultaneously in the accounting, by the direct association between the expenses and the related revenues, with the distinct highlighting of these income and expenses.

The opening balance principle

The opening balance sheet of the financial year corresponds to the closing balance sheet of the previous financial year.

The matching principle

All income and expenses for the financial year have been taken into account, regardless of the date of receipt or payment.

The principle of separate valuation of assets and liability items

In order to determine the value of a balance sheet item, the value of each component of assets and liabilities elements was determined separately.

The principle of non-compensation

The values of the elements representing assets were not offset by the values of the elements representing debts, respectively the income with expenses.

The principle of substance over form

The information presented in the financial statements reflect the economic reality of the events and the transactions, not only their legal form.

The principle of significance threshold

The Group may deviate from the requirements contained in the applicable accounting regulations regarding information presentations and publication, when the effects of their compliance are insignificant.

The evaluation principle

The items presented in the financial statements were valued based on the principle of purchase or production cost, less the lands and buildings, which are valued at fair value based on the revaluation method.

2.2 Reporting currency

The accounting is kept in Romanian and in the national currency ("RON"). The accounting of the operations performed in foreign currency is kept both in the national currency and in foreign currency. The elements included in these financial statements are presented in Romanian lei.

2.3 Comparative statements

If the values for the previous period are not comparable with those for the current period, this aspect is disclosed and explained in the explanatory notes, without changing the comparative figures for the previous year.

ROCA INDUSTRY HOLDINGROCK1 SA
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2022
(all amounts are in lei ("RON"), if not otherwise stated)

2.4 Use of accounting estimates

The preparation of financial statements in accordance with OMFP 1802/2014, as subsequently amended, involves management making estimates and assumptions that influence the reported values of assets and liabilities and the presentation of contingent assets and liabilities at the date of the financial statements, as well as values of income and expenses of the reporting period. The effective results may be different from the foreseen ones. These estimates are periodically reviewed and, if adjustments are required, they are recorded in the profit and loss account as they become known.

2.5 Going concern

The consolidated financial statements were prepared according to the going concern principle. In making this judgement, the management takes into account the fact that the financial year ended on 31 December 2022 ended in line with the Company's expectation, the current performance, but also the access to financial resources. Thus, as of 31 December 2022, the Company's management does not consider that there would be any aspect that would affect the continuity of the activity.

2.6 Foreign currency translation

Transactions made in foreign currency are translated in lei at the exchange rate from the date of the transaction.

The exchange rates used for the settlement of the amounts expressed in foreign currency on 31 December 2022 was RON 4.9474 for EUR 1 (31 December 2021 – EUR 1 = RON 4,9481).

Monetary assets and liabilities denominated in foreign currency (and cash equivalents, such as bank deposits, receivables and debts in foreign currency) shall be revalued and reported using the exchange rate communicated by the National Bank of Romania at the end of the financial year. Gains and losses from exchange rate differences, between the exchange rate from the date of registration of receivables or liabilities in foreign currency or the exchange rate at which they have been recorded in the previous financial statements and the exchange rate from the date of the end of the financial year, are recorded as financial income or financial expenses, as case may be.

2.7 Significant accounting policies

a) Consolidation procedures

Assets and liabilities of entities included in the consolidation are fully included in the consolidated balance sheet.

For preparing the annual consolidated financial statements, similar items of assets, liabilities and equity, as well as of income and expenses of the parent company are combined with those of subsidiaries.

The book values of shares in the capital of entities included in the consolidation shall be offset against the proportion that they represent in the equity of those entities, as follows: the offset shall be made on the basis of the fair values of the identifiable assets and liabilities at the date of acquisition of the shares or, if the acquisition takes place in two or more stages, at the date on which the entity became a subsidiary.

The consolidated financial statements comprise the results of the business combination by the acquisition method. In the consolidated balance sheet, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date. The results of the acquired subsidiaries are included in the consolidated profit and loss account from the date obtaining the control, unless their impact is immaterial or not relevant in view of the specific nature of the entity's business. Subsidiaries are deconsolidated from the date on which control ceases.

In order to determine goodwill or negative goodwill, the parent company evaluates the identifiable assets acquired and the liabilities assumed at their fair values at the acquisition date.

In these consolidated financial statements the carrying amount of the investment made by the parent company in each subsidiary is eliminated with the parent company's share of the equity of each subsidiary

ROCA INDUSTRY HOLDINGROCK1 SA
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2022
(all amounts are in lei ("RON"), if not otherwise stated)

If the shares in subsidiaries included in the consolidation are held by persons other than those subsidiaries, the amount attributable to those shares is shown separately in the consolidated balance sheet under "*Non-controlling interests*" and is initially determined on the basis of the net accounting assets at the acquisition date.

Consolidated statement of profit and loss account

Income and expenses of entities included in the consolidation are fully incorporated in the consolidated profit and loss account.

The amount of any profit or loss attributable to shares is shown separately in the consolidated profit and loss account under the item "*Profit or loss attributable to non-controlling interests*".

The profit or loss is attributed to the owners of the parent company and to the non-controlling interests, even if this results in a negative balance of the non-controlling interests.

Elimination of intercompany transactions

The annual consolidated financial statements show the assets, liabilities, financial position and profits or losses of the entities included in the consolidation, as if they were a single entity. In particular, the following shall be removed from the annual consolidated financial statements:

- a) debts and receivables between entities, including internal dividends;
- b) income and expenses related to transactions between entities; and
- c) profits and losses resulting from operations performed between entities and which are included in the book value of assets.

b) Intangible assets

Intangible assets are identifiable, non-monetary assets, without tangible support and held for the production or supply of goods or services, for rental to third parties or for administrative purposes.

An intangible asset is recognized in the balance sheet if it is expected to generate economic benefits for the company and the cost of the asset can be measured reliably.

Intangible assets are recognized at cost less accumulated depreciation and any known impairment losses.

Software

Costs related to the acquisition of licenses and software are capitalized and depreciated on a straight-line basis over a useful life of 3 years.

Concessions, patents, licenses, trademarks, similar rights and assets

Concessions, patents, licenses, trademarks, similar rights and assets are recorded as intangible assets at their contributory value or acquisition cost, as the case may be. In this case the contributory value is assimilated to the fair value.

Concessions received are reflected as intangible assets when the concession agreement establishes a fixed term and value of the concession. Concession's depreciation is to be charged over its useful life, as determined by the agreement.

Patents, licenses and other intangible assets are depreciated using the straight-line method over a period of 3 years.

Goodwill

Goodwill is recognized on consolidation and represents the difference between the acquisition cost and the fair value at the transaction date of the portion of the net assets acquired by the entity.

If goodwill is treated as an asset, it is depreciated over a period of 10 years.

ROCA INDUSTRY HOLDINGROCK1 SA
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2022
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If goodwill is negative, it is recognized as income in the profit and loss account on a straight-line basis over a period of 10 years, under the “*Other operating income*”.

c) Property, plant and equipment

Recognition and evaluation

Property, plant and equipment are recognised initially at cost.

The initial cost of property, plant and equipments consists of the purchase price, including import duties or irrecoverable acquisition taxes and any other costs directly attributable to bringing the asset to the location and condition necessary for their intended use.

Subsequently, property, plant and equipment are decreased by accumulated depreciation and any accumulated impairment losses, except for land, buildings and real estate investments, which are periodically revalued at fair value.

Subsequent expenses incurred in connection with a property, plant and equipment item are expenses of the period in which they were incurred or increase the value of the respective tangible asset, depending on the economic benefits associated with these expenses, according to the general recognition criteria.

In case of replacement of a long-term asset’s component, its value is removed from the records, with the related depreciation.

Assets in progress include the cost of constructing property, plant and equipment and any other direct expenses. They are not depreciated until the relevant assets are completed and put into operation.

Revaluation of property, plant and equipment

The revaluation of property, plant and equipment is made on 31 December to present them at fair value. The values thus determined are depreciated starting with 1 January of the following year in which the revaluation took place.

If an item of property, plant and equipment is revalued, all other assets in the group to which it belongs must be revalued, unless there is no active market for that asset. If the fair value of an item of property, plant and equipment can no longer be determined by reference to an active market, the value of the asset presented in the balance sheet must be its revalued value at the date of the last revaluation, minus accumulated value adjustments.

Revaluations of property, plant and equipment are performed with sufficient regularity so that the book value does not differ substantially from that which would be determined using the fair value at the balance sheet date.

Depreciation

The period of economic use is the period in which an asset is expected to be available for use by an entity.

Depreciation is calculated by using the linear method during the useful life of the assets. Lands are not depreciated. The useful life and depreciation method are periodically revised.

The useful life used for the main categories of property, plant and equipments are presented in the table below:

| Type | Years |
|--------------------|--------------|
| Buildings | 10-48 |
| Equipments | 3-15 |
| Transport vehicles | 5 |

ROCA INDUSTRY HOLDINGROCK1 SA
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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d) Financial assets

Financial assets comprise shares held in affiliated entities and long-term loans granted to subsidiaries.

Financial assets are initially recorded at purchase cost or at the value determined by the agreement for their acquisition. Financial assets are subsequently stated at cost less accumulated impairment losses.

Shares and other financial assets received free of charge, as well as short-term shares received free of charge, are recorded also in the profit and loss account and recognized at fair value.

e) Depreciation of fixed assets

For asset items, in the case of depreciable assets for which the depreciation is irreversible, the negative differences found between the inventory value and the net book value are recorded in the accounting as an additional depreciation.

The book value of fixed assets is represented by the purchase cost / production cost less the accumulated depreciation until that date, as well as the accumulated impairment losses.

f) Inventories

The main categories of inventories are raw materials, work in progress, semi-finished goods, finished goods, goods purchased for resale, spare parts, consumables and packaging.

Work in progress is determined by taking an inventory of unfinished production at the end of the period, using technical methods to determine the degree of completion or stage of completion of technological operations and evaluating it on the basis of production costs.

Inventories' cost includes all costs related to acquisition and processing, as well as other costs incurred to bring inventories into the form and location in which they are found.

The cost of finished goods and work in progress comprises the direct costs of production, namely: direct materials, energy consumed for technological purposes, direct labor and other direct production costs, as well as the share of indirect production costs rationally allocated as related to their manufacture.

At the moment of discharge, within the companies of the Group, the inventories are valued using the weighted average cost method, as well as the FIFO method.

Where appropriate, value adjustments are made for obsolete, slow-moving or malfunctioning inventories.

g) Trade receivables

Trade receivables are recognized and recorded at the initial amount of invoices less impairment adjustment for uncollectible amounts. Impairments adjustments are made when there is evidence that the Company will not be able to collect receivables at the initially agreed maturity. Uncollectible receivables are recorded as expenses in *Profit and loss account* when they are identified.

h) Short-term financial investments

Short-term financial investments are assets held with a view to making a profit in less than one year. These are short-term deposits, money held in escrow accounts for a period of less than one year as contractually agreed, bonds as securities acquired for resale within a short period of time. Short-term investments in securities admitted to trading on a regulated market are valued at the price on the last trading day, while those not traded are recorded at cost less any impairments.

i) Cash and cash equivalents

Cash and cash equivalents consist of petty cash and bank accounts.

ROCA INDUSTRY HOLDINGROCK1 SA
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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j) Loans

Short-term and long-term loans are recorded at the amount received. Borrowing costs are recorded as prepayments and amortized over the loan period when they are significant.

The short-term portion of long-term loans is classified under "*Liabilities: Amounts payable within one year*" and included together with the preliminary interest at the balance sheet date in "*Amounts owed to credit institutions*" within *Current liabilities*.

k) Trade payables

Trade payables are recorded at cost, which represents the fair value of the obligation to be paid in the future for goods and services received, whether or not invoiced to the Group.

l) Provisions

Provisions are recognized when the Group has a present obligation (legal or implied) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the liability can be estimated reliably.

Provisions for the termination of the employment contract are recognized when there is certainty that they will be settled within a foreseeable period of time.

Provisions for termination of employment are established for the Group's obligations towards employees for termination of employment.

Provisions for taxes are established for amounts due to the state budget, provided that these amounts are not reflected as a debt to the state.

Provisions for annual leave or bonuses granted to employees are established when their amount is not accounted for in the payroll or in other explanatory documents.

Provisions for warranty costs are recognized when the product is sold or the service is rendered to the customer. Initial recognition is based on historical experience. The initial estimate of warranty costs is reviewed annually.

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

m) Pensions and post-employment benefits

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

n) Subsidies

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

Subsidies related to income comprise all subsidies other than those for assets. Subsidies are recognized on a systematic basis in the period in which the expenses corresponding to these subsidies have been recognized.

o) Operating lease agreements

Payments under an operating lease agreement are recognized as expenses in the *Profit and loss account* on a straight-line basis over the lease term.

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When negotiating or renegotiating an operating lease, the Group may receive certain incentives to conclude the agreement. Examples of such incentives may be the payment of a cash advance to the Group or the reimbursement or lessor's ownership of the Group's costs (such as relocation costs, leasehold improvements and costs related to a previous lease commitment of the Group).

p) Financial lease agreements

Financial lease agreements, which transfer to the Group all the risks and benefits of ownership of the leased assets, are capitalized at the acquisition value of the leased assets at the inception of the lease. Lease payments are separated between interest expense and reduction of lease liability. Interest expense is recorded directly in the profit and loss account.

Assets capitalized under a financial lease are depreciated on a basis consistent with the normal depreciation policy for similar assets.

q) Share capital

The share capital of the Parent company consisting of common shares is registered at the value established in the incorporation documents and addendum.

r) Legal reserves

According to the Romanian legislation, the companies must distribute to the legal reserve a value equal to at least 5% of the gross profit, until they reach 20% of the share capital. Once this level has been reached, companies can make additional allocations according to their own needs.

s) Dividends

Dividends are recognized as a liability in the period in which their distribution is approved. Dividends' distribution is made after the approval of the financial statements.

t) Retained earnings

The accounting profit remaining after distribution of the legal reserve is included in the category of retained earnings at the beginning of the financial year following that for which the annual financial statements are prepared. From here it is to be allocated to the other legal purposes.

The bookkeeping of the accounting profit allocation shall be carried out in the following year after the General Meeting of Shareholders that approved the profit distribution, by recording the amounts representing dividends due to shareholders, reserves and other allocations, according to the law.

r) Financial instruments

The financial instruments used by the Company consist mainly of petty cash, debts and loans granted to subsidiaries. Instruments of this type are valued at cost, representing the value received or granted, as the case may be.

s) Revenues

Revenues are recognized when the significant risks and rewards of ownership of the assets are transferred to the customer. Revenue amounts do not include sales taxes (VAT), but include commercial discounts granted. Financial discounts granted to customers are recorded as financial expenses of the period without altering the Company's income.

Revenue from services rendered is recognized in the period in which they are rendered and in line with the stage of completion.

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Dividends distributed to shareholders, proposed or declared after the balance sheet date, are recognized as dividend income when the shareholder's right to receive them is established.

t) Taxes and duties

Companies record current income tax in accordance with the Romanian legislation in force at the date of the financial statements.

Income tax is calculated as a percentage applied to the accounting profit obtained according to the Romanian legislation, adjusted for certain items according to the fiscal legislation (with non-deductible expenses, respectively with non-taxable income and other similar items) at a rate of 16%.

u) Financial income and expenses

Financial income is composed of interest income and income from exchange rate differences. Financial income is recognized on an accruals basis. Thus, interest income is recognized periodically, pro rata, as the income is earned.

Financial expenses comprise interest expense on loans and expenses from exchange rate differences. All borrowing costs are recognized in the profit and loss account periodically on an accruals basis.

v) Correction of accounting errors

The correction of significant errors related to the previous financial years does not determine the modification of the financial statements of those years. In case of errors related to previous financial years, their correction does not involve any adjustment to the comparative information presented in the financial statements. Any impact on the comparative information regarding the financial position and financial performance, respectively the change of financial position, is disclosed in the explanatory notes to the financial statements and adjusted in the result carried forward during the year.

The effects of changes in accounting policies for the current financial year are accounted for in the income and expenses accounts for the period.

The effects of changes in accounting policies for previous financial years are recorded in retained earnings.

If the effect of the change in accounting policy cannot be determined for past periods, the change in accounting policies shall be made for future periods, beginning with the current financial year and the financial years following the financial year in which the decision to change accounting policy was made.

w) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements, referred to as reporting entity.

A person or a close member of that person's family is related to a reporting entity if that person:

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

An entity is related to a reporting entity if any of the following conditions applies:

- (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

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- (vi) the entity is controlled or jointly controlled by a person or a close member of that person's family who has control or joint control of the reporting entity, has significant influence over the reporting entity; or is a member of the key management personnel of the reporting entity or the parent company of the reporting entity
- (vii) a person or a close member of that person's family who has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.

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

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

According to OMPF 1802/2014, related parties means two or more entities within the same group.

x) Subsequent events

Events that occurred after the reporting date that provide additional information about the conditions that existed at the reporting date (events that result in adjustments to the financial statements) are reflected in the financial statements. Events that occurred after the reporting date that provide information about conditions appearing after the reporting date (events that do not result in adjustments to the financial statements) are disclosed in the notes to the financial statements when significant. When the going concern assumption is no longer appropriate during or after the reporting period, the financial statements are not prepared on a going concern basis.

y) Losses related to equity instruments

Gains or losses in respect of issuance, redemption, sale, free transfer or cancellation of the entity's own equity instruments (shares) shall not be recognized in the profit or loss account. The consideration received or paid as a result of such transactions is recognized directly in equity and presented separately in the balance sheet, respectively in the statement of changes in equity, as follows:

- gains are reflected in account 141 "Gains in respect of sales or cancellation of own equity instruments";
- losses are reflected in account 149 "Losses in respect of issuance, redemption, sale, free transfer or cancellation of own equity instruments".

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NOTE 3. NON-CURRENT ASSETS

| Item description | Gross book value | | | | | | | Accumulated depreciation (depreciation and impairments or value losses) | | | | | | Net book value | | |
|--|--------------------------|--------------------------------------|-------------------|------------------|------------------|------------------------|--------------------------|---|--------------------------------------|-------------------|--------------------------|--|--------------------------|--------------------------|--------------------------|--|
| | Balance as at 31.12.2021 | Additions from business combinations | Additions | Disposal | Transfers | Impact of reevaluation | Balance as at 31.12.2022 | Balance as at 31.12.2021 | Additions from business combinations | Additions | Disposals and impairment | Cancellation of depreciation after revaluation | Balance as at 31.12.2022 | Balance as at 31.12.2021 | Balance as at 31.12.2022 | |
| a) Intangible assets | | | | | | | | | | | | | | | | |
| Licenses, trademarks, similar rights and other intangible assets | 62,712,997 | 36,667,301 | 17,093 | 1,843 | 259,035 | - | 99,654,583 | 436,442 | - | 4,199,713 | 1,843 | - | 4,634,312 | 62,276,555 | 95,020,271 | |
| Goodwill | 40,215,369 | 27,232,704 | - | - | - | - | 67,448,073 | - | - | 4,864,992 | (12,499,384) | - | 17,364,376 | 40,215,369 | 50,083,697 | |
| Advances | - | - | 222,648 | - | - | - | 222,648 | - | - | - | - | - | - | - | 222,648 | |
| Total | 102,928,366 | 63,900,005 | 239,741 | 1,843 | 259,035 | - | 167,325,304 | 436,442 | - | 9,064,705 | (12,497,541) | - | 21,998,688 | 102,491,924 | 145,326,616 | |
| b) Property, plant and equipment | | | | | | | | | | | | | | | | |
| Land and buildings | 25,624,014 | 22,890,254 | 17,144,839 | 1,438,091 | 4,066,464 | 2,387,967 | 70,675,447 | 3,565,169 | 1,568,936 | 1,313,581 | 145,878 | (2,369,235) | 3,932,573 | 22,058,845 | 66,742,874 | |
| Technical equipment & machinery | 30,788,428 | 61,097,945 | 3,318,176 | 725,058 | 7,912,990 | - | 102,392,481 | 14,803,962 | 33,512,647 | 6,866,948 | 213,789 | - | 54,969,768 | 15,984,466 | 47,422,713 | |
| Other equipment & furniture | 419,002 | 1,197,012 | 244,248 | 1,680 | 6,255 | - | 1,864,837 | 114,410 | 617,724 | 247,181 | - | - | 979,315 | 304,592 | 885,522 | |
| Advances and tangible assets in progress | 8,700,302 | 7,634,548 | 17,544,010 | 1,159,038 | (12,244,744) | - | 20,475,078 | - | - | - | - | - | - | 8,700,302 | 20,475,078 | |
| Total | 65,531,746 | 92,819,759 | 38,251,273 | 3,323,867 | (259,035) | 2,387,967 | 195,407,843 | 18,483,541 | 35,699,307 | 8,427,710 | 359,667 | (2,369,235) | 59,881,656 | 47,048,205 | 135,526,187 | |
| c) Financial assets | | | | | | | | | | | | | | | | |
| Other long term investments | 7,768 | - | - | - | - | - | 7,768 | - | - | - | - | - | - | 7,768 | 7,768 | |
| Equivalent securities | - | - | 1,092,284 | - | - | - | 1,092,284 | - | - | - | - | - | - | - | 1,092,284 | |
| Other loans | 10,438 | - | 701,985 | - | - | - | 712,423 | - | - | - | - | - | - | 10,438 | 712,423 | |
| Total | 18,206 | - | 1,794,269 | - | - | - | 1,812,475 | - | - | - | - | - | - | 18,206 | 1,812,475 | |
| Non-current assets - Total | 168,478,318 | 156,719,764 | 40,285,283 | 3,325,710 | - | 2,387,967 | 364,545,622 | 18,919,983 | 35,699,307 | 17,492,415 | (12,137,874) | (2,369,235) | 81,880,344 | 149,558,334 | 282,665,278 | |

The additions from business combinations from 2022 refer to the acquisition of Terra (through Bico Industries), Eco Euro Doors through Doorsrock and DIAL through Nativerock. A goodwill of RON 27 million resulted from these events, as well as the identification of the intangible assets presented below, initially recognized at their fair value (which is treated as acquisition cost).

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NOTE 3. NON-CURRENT ASSETS (continuation)

| Subsidiary | Item description | Net book value on the date of purchase | Net book value as at 31.12.2022 |
|--------------|-----------------------|--|---------------------------------|
| EED | Trademarks | 17,284,439 | 16,780,310 |
| EED | Customer relationship | 14,240,463 | 13,825,116 |
| DIAL | Customer relationship | 5,128,401 | 5,064,296 |
| Total | | 36,653,303 | 35,669,722 |

At the end of 2021, the Company acquired 100% of SARCOM, respectively contributed in kind 70% of BICO's shares to the Company's share capital. Following these events resulted a goodwill of RON 40.2 million (RON 30.7 million for the acquisition of Sarcom, respectively RON 9.5 million for the in-kind contribution of 70% of Bico Industries' shares), as well as the identification of the intangible assets presented below, initially recognized at their fair value (which is treated as acquisition cost). The fair value of these intangible assets was determined by an independent valuator at the date of acquisition/contribution in kind.

As at 31 December 2022, the Group's management reassessed the situation of recovering the net book value of its investments in subsidiaries, taking into account a list of internal and external impairment indicators and decided to adopt a cautions approach regarding the value of the shares held in Bico Industries. Thus, as at 31 December 2022, an impairment was presented in amount of RON 12.9 million.

| Subsidiary | Item description | Net book value as at 31.12.2021 | Net book value as at 31.12.2022 |
|--------------|-----------------------|---------------------------------|---------------------------------|
| Sarcom | Trademarks | 17,915,957 | 17,020,159 |
| Sarcom | Customer relationship | 8,574,133 | 8,145,426 |
| Bico | Trademarks | 25,059,285 | 23,806,321 |
| Bico | Customer relationship | 10,559,080 | 10,031,126 |
| Bico | Other licenses | 91,412 | 68,559 |
| Total | | 62,199,867 | 59,071,591 |

The fair value of these intangible assets was determined by an independent valuator at the date of acquisition/contribution in kind.

NOTE 4: INVENTORIES

| | Balance as at 31 December 2021 | Balance as at 31 December 2022 |
|--|--------------------------------|--------------------------------|
| Raw materials and consumables | 18,623,453 | 41,945,422 |
| Impairment for raw materials | (69,277) | (439,880) |
| Raw materials and consumables (net) | 18,554,176 | 41,505,542 |
| Semi-finished goods | 3,084,820 | 5,756,368 |
| Work in progress | - | - |
| Impairment for semi finished goods | - | - |
| Work in progress (net) | 3,084,820 | 5,756,368 |
| Finished goods | 13,246,822 | 39,687,860 |
| Impairment for finished goods | (52,525) | (1,164,107) |
| Merchandise | 1,326,373 | 12,521,080 |
| Impairment for merchandise | (36,265) | (1,177,330) |
| Finished goods and merchandise (net) | 14,484,405 | 49,867,503 |
| Advance payments to suppliers for inventories | 3,658,125 | 3,897,065 |
| Total inventories | 39,781,527 | 101,026,478 |

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NOTE 5: TRADE RECEIVABLES

| | Balance as at 31 December 2021 | Balance as at 31 December 2022 |
|--|---|---|
| Trade receivables | 18,368,365 | 24,277,832 |
| Allowances for doubtful customers | (1,085,429) | (1,301,696) |
| Advances for services | - | 90,644 |
| Trade receivables (net) | 17,282,936 | 23,066,780 |
| Other receivables | 2,389,737 | 2,194,637 |
| Income tax receivable | 462,465 | 785,723 |
| Sundry debtors | 640,087 | 674,551 |
| Allowances for doubtful sundry debtors | (640,087) | (640,087) |
| Other receivables (net) | 2,852,202 | 3,014,824 |
| Total trade receivables | 20,135,138 | 26,081,604 |

Other receivables represent mainly amounts to be recovered from state institutions (VAT to be recovered).

NOTE 6: SHORT TERM INVESTMENTS

Short-term investments mainly include the amount deposited in an escrow account for the acquisition by Bico of Terra, deal completed in March 2022, representing the outstanding amount to be paid to former Terra shareholders, which will be released from the escrow account as certain conditions established in the sale and purchase agreement are complied with. The decrease from RON 17.9 Mil. in December 2021 to RON 0.9 Mil. on 31 December 2022 is due to the partial payment of the amounts due to former Terra shareholders.

NOTE 7: CASH AND CASH EQUIVALENTS

| | Balance as at 31 December 2021 | Balance as at 31 December 2022 |
|--|---|---|
| Current bank accounts | 80,038,031 | 42,176,372 |
| Petty cash | 87,650 | 58,184 |
| Total cash and cash equivalents | 80,125,681 | 42,234,556 |

NOTE 8: LIABILITIES

| | Balance as at 31 December 2021 | Balance as at 31 December 2022 |
|-------------------------------------|---|---|
| Short-term bank borrowings | 18,344,893 | 57,710,905 |
| Trade payables | 14,276,881 | 28,829,480 |
| Advance payments from customers | 955,402 | 470,149 |
| Amounts owed to related parties | 237,489 | 5,118,797 |
| Other short-term liabilities | 23,406,696 | 38,953,931 |
| Total short term liabilities | 57,221,361 | 131,083,262 |
| Long-term bank borrowings | 45,680,250 | 135,318,611 |
| Other long-term liabilities | 16,053,502 | 2,162,301 |
| Total long-term liabilities | 61,733,752 | 137,480,912 |
| Total liabilities | 118,955,113 | 268,564,174 |

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As at 31 December 2022, respectively 31 December 2021, the short-term portion of bank loans is presented as follows:

| Entity | Bank | Facility type | Interest rate | Balance as at 31.12.2021 | Balance as at 31.12.2022 |
|---|---------------------|---|--------------------|--------------------------|--------------------------|
| Colorock13* | Banca Transilvania | Financing for the acquisition of Sarcom | 2.75% + EURIBOR 3M | 2,216,656 | - |
| Sarcom | Banca Transilvania | Credit line | 1.75% + ROBOR 1M | 1,500,000 | - |
| Sarcom | Banca Transilvania | Revolving | 2.75% + EURIBOR 3M | - | 5,720,800 |
| Bico | Banca Transilvania | Investment loan | 2.2% + ROBOR 2M | 476,000 | 476,000 |
| Bico | Banca Transilvania | Credit IMM Invest | 2.5% + ROBOR 3M | 882,353 | 514,706 |
| Bico | Banca Transilvania | Credit line | 2.25 + ROBOR 6M | 3,375,904 | 3,237,953 |
| Bico | Banca Transilvania | Investment loan | 2% + ROBOR 6M | 252,000 | 504,000 |
| Bico | Banca Transilvania | Credit IMM Invest | 2% + ROBOR 3M | 220,800 | 356,129 |
| Bico | Unicredit Bank | Financing CAPEX | 2.85% + ROBOR 1M | 118,151 | - |
| Bico | Unicredit Bank | Credit line | 2.5% + ROBOR 3M | 8,999,999 | 1,924,524 |
| Bico | Unicredit Bank | Credit line | 2.5% + EURIBOR 1M | - | 16,079,050 |
| Bico | Unicredit Bank | Investment loan | 1.8% + ROBOR 3M | 303,030 | 429,915 |
| Bico | Unicredit Bank | Investment loan | 2.2% + EURIBOR 1M | - | 4,046,703 |
| Bico | Credit Europe Bank | Credit line | 2% + ROBOR 3M | - | 5,330,262 |
| Bico | Credit Europe Bank | Investment loan | 2.25% + ROBOR 3M | - | 264,614 |
| Terra Impex | Moldova-Agroindbank | Current activity | 4% | - | 2,595,978 |
| EcoEuroDoors | Raiffeisen Bank | Financing CAPEX | 2.2% + EURIBOR 3M | - | 783,731 |
| EcoEuroDoors | Raiffeisen Bank | Financing CAPEX | 2.2% + EURIBOR 3M | - | 705,358 |
| EcoEuroDoors | Raiffeisen Bank | Revolving | 1.01% + ROBOR 1M | - | 2,083,333 |
| EcoEuroDoors | Raiffeisen Bank | Revolving | 1.5% + ROBOR 3M | - | 5,000,000 |
| Doorsrock | Raiffeisen Bank | Financing for the acquisition of EED | 2.3% + EURIBOR 3M | - | 2,565,411 |
| Nativerock | Banca Transilvania | Financing for the acquisition of DIAL | 3% + EURIBOR 3M | - | 951,939 |
| Dial | Banca Transilvania | Investment loan | 2.75% + EURIBOR 3M | - | 4,140,499 |
| Short term bank borrowings - total | | | | 18,344,893 | 57,710,905 |

As at 31 December 2022, respectively 31 December 2021, the long-term portion of bank loans is presented as follows:

| Entity | Bank | Facility type | Interest rate | Balance as at 31 Dec 2021 | Balance as at 31 Dec 2022 |
|--|---------------------|---|--------------------|---------------------------|---------------------------|
| Colorock13 | Banca Transilvania | Financing for the acquisition of Sarcom | 2.75%+ EURIBOR 3M | 38,545,626 | - |
| Sarcom | Banca Transilvania | Credit line | 2.75% + EURIBOR 3M | - | 42,469,264 |
| Bico | Banca Transilvania | Investment loan | 2.2% + ROBOR 2M | 793,334 | 317,334 |
| Bico | Banca Transilvania | Credit IMM Invest | 2.5% + ROBOR 3M | 514,706 | - |
| Bico | Banca Transilvania | Investment loan | 2% + ROBOR 6M | 1,780,263 | 1,344,000 |
| Bico | Banca Transilvania | Credit IMM Invest | 3.5% + ROBOR 3M | 1,499,077 | 1,500,000 |
| Bico | Banca Transilvania | Credit IMM Invest | 2% + ROBOR 3M | 1,504,574 | 1,305,806 |
| Bico | Unicredit Bank | Investment loan | 1.8% + ROBOR 3M | 1,042,672 | 1,648,015 |
| Bico | Credit Europe Bank | Investment loan | 2% + ROBOR 3M | - | 887,974 |
| Terra Impex | Moldova-Agroindbank | Current activity | 4% | - | 4,826,128 |
| EcoEuroDoors | Raiffeisen Bank | Financing CAPEX | 2.2% + EURIBOR 3M | - | 8,173,192 |
| EcoEuroDoors | Raiffeisen Bank | Financing CAPEX | 2.2% + EURIBOR 3M | - | 7,355,872 |
| Doorsrock | Raiffeisen Bank | Financing for the acquisition of EED | 2.3% + EURIBOR 3M | - | 26,753,581 |
| Nativerock | Banca Transilvania | Financing for the acquisition of DIAL | 3% + EURIBOR 3M | - | 31,836,519 |
| Dial | Banca Transilvania | Investment loan | 2.75% + EURIBOR 3M | - | 6,900,926 |
| Long term bank borrowings - total | | | | 45,680,250 | 135,318,611 |

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Other short-term liabilities mainly include the followings:

- payables by Colorock to former Sarcom shareholders of RON 14.75 million, according to the sale and purchase agreement of shares in Sarcom. The debt was transferred to Sarcom subsequent to the merger carried out in December 2022;
- loan payable by Bico Industries to Mihai Birliba of RON 4.95 million, Romanian citizen who holds 30% from the share capital of Bico Industries. The loan has a 4% fixed interest per year and is due in September 2023;
- dividends payable by Bico Industries to Mihai Birliba of RON 1.29 million;
- payables by Doorsrock to EED former shareholders of RON 12.84 million, according to the sale and purchase agreement of shares in EED;
- payable salaries and contributions of aprox. RON 5.1 million.

Other long-term payables mainly include the payables under leasing agreements.

NOTA 9: PROVISIONS

| | Taxes | Others | Total provisions |
|---------------------------------|------------------|----------------|-------------------------|
| Balance as at 31.12.2021 | - | 237,271 | 237,271 |
| Provisions recognised | 1,619,261 | 598,783 | 2,218,044 |
| Provisions used | - | - | - |
| Provisions reversed | - | (257,527) | (257,527) |
| Balance as at 31.12.2022 | 1,619,261 | 578,527 | 2,197,788 |

As at 31 December 2022, the provisions were constituted mainly for various expenses related to tax liabilities, representing probable obligations generated by previous events of the companies.

NOTE 10: DEFERRED INCOME

Deferred income represents mainly the investment grants collected by Bico Industries and Eco Euro Doors in prior years. These are recognised as income in the *Profit and loss statement* in proportion to the depreciation of the related fixed assets which have been acquired under these investment programs.

NOTE 11: SHARE CAPITAL AND RESERVES

The paid-in subscribed share capital of the Parent Company as of 31 December 2022, respectively as of 31 December 2021 is RON 176,945,730, the equivalent of 17,694,573 shares. The nominal value of a share is RON 10. As at 31 December 2022, respectively 31 December 2021, the share capital of the Parent Company is fully paid in.

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

The shareholders' structure is the following:

| | Balance as at 31 December 2021 | | | Balance as at 31 December 2022 | | |
|---------------------|---------------------------------------|----------------------|-------------------|---------------------------------------|----------------------|-------------------|
| | No of shares | Amount in RON | % in total | No of shares | Amount in RON | % in total |
| Roca Investments SA | 10,595,767 | 105,957,670 | 60% | 10,757,557 | 107,575,570 | 60% |
| Mihai Birliba | 1,014,461 | 10,144,614 | 6% | 1,014,461 | 10,144,610 | 6% |
| Other | 6,084,345 | 60,843,446 | 34% | 5,922,555 | 59,225,550 | 34% |
| Total | 17,694,573 | 176,945,730 | 100% | 17,694,573 | 176,945,730 | 100% |

Revaluation reserves

As at 31 December 2022, revaluation reserves recognised represent the surplus from the revaluation of tangible assets, land and buildings.

ROCA INDUSTRY HOLDINGROCK1 SA
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2022
(all amounts are in lei ("RON"), if not otherwise stated)

NOTE 12: NET REVENUE

| Item description | Year ended | |
|----------------------------|-------------------|--------------------|
| | 2021 | 2022 |
| Sold production | - | 254,307,514 |
| Income from sale of goods | - | 14,920,498 |
| Trade discounts offered | - | (6,109,482) |
| Net revenue - total | - | 263,118,530 |

NOTE 13: OTHER OPERATING EXPENSES

| Item description | Year ended | |
|--|-------------------|-------------------|
| | 2021 | 2022 |
| Transportation and travel expenses | 14,237 | 7,055,887 |
| Commissions and fees | 446,908 | 3,613,836 |
| Rent expenses | - | 2,421,743 |
| Marketing and protocol expenses | 58,894 | 1,449,809 |
| Other taxes | 53,469 | 1,193,498 |
| Repairs and maintenance expenses | - | 695,636 |
| Bank fees and commissions | - | 354,368 |
| Communication expenses | - | 142,335 |
| Expenses from revaluation of tangible assets | - | 66,096 |
| Other operating expenses | 265,602 | 8,637,774 |
| Other operating expenses - total | 839,110 | 25,630,982 |

NOTE 14: NET FINANCE RESULT

| Item description | Year ended | |
|-----------------------------|-------------------|------------------|
| | 2021 | 2022 |
| Interest income | 24,468 | 42,304 |
| Other finance income | 56,336 | 1,853,710 |
| Total finance income | 80,804 | 1,896,014 |

| Item description | Year ended | |
|------------------------------|-------------------|-------------------|
| | 2021 | 2022 |
| Interest expense | 108,703 | 7,329,282 |
| Other finance expenses | 106,678 | 1,724,579 |
| Foreign exchange losses, net | - | 1,604,896 |
| Total finance costs | 215,382 | 10,658,757 |

| | | |
|----------------------------------|------------------|--------------------|
| Net finance result – loss | (134,577) | (8,762,743) |
|----------------------------------|------------------|--------------------|

NOTE 15: RELATED PARTIES

Information regarding the loans received from the related parties is presented in the *note 8 - Liabilities*. The nature of the transactions is mainly financing.

NOTE 16: CONTINGENCIES

16.1 Fiscal environment

The legislative and fiscal framework in Romania and its implementation in practice change frequently and is subject to different interpretations by various Ministries of the Government. The Romanian Government has a number of agencies that are authorized to carry out controls on Romanian companies as well as on foreign companies operating

in Romania. These inspections are similar in nature to tax audits performed by tax authorities in many countries, but they can focus not only on fiscal issues but also on other legal or regulatory items of interest for the agency. Moreover, the agencies conducting these inspections appear to be much less regulated and the company subject to control appear to have fewer practical ways of protection than in many other countries.

Fiscal controls consist in thorough controls of taxpayers accounting records. Such controls sometimes occur after months or even years from the payment obligations have been established. Consequently, companies may be due taxes and fines. In addition, fiscal legislation is subject to frequent changes and authorities often manifest inconsistency in the interpretation of laws.

Management believes it has adequately recorded the fiscal obligations from the attached financial statements; however, there is a risk that the tax authorities will take different views on the interpretation of certain tax issues.

16.2 Transfer prices

According to the fiscal legislation, the fiscal assessment for a transaction with affiliates is based on the market price concept for that transaction. Based on this concept, the transfer prices must be adjusted in order to reflect the market prices that would have been used between entities having no affiliation relation and acting independently, based on "normal market conditions".

It is likely that verifications of the transfer prices may be performed in the future by the fiscal authorities, in order to establish if these prices are complying with the principle of "normal market conditions" and that the tax base for the Romanian taxpayer is not distorted. Management cannot quantify the result of such a verification.

NOTE 17: FINANCIAL RISKS

17.1 Interest rate risk

The Group's exposure to the risk of interest rate changes refers mainly to bank loans with variable interest rates that the Companies have in the long term. The group's policy is to monitor and renegotiate interest rates.

17.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Group seeks to maintain monetary assets in foreign currency at the level of monetary liabilities in foreign currency, in order not to be significantly exposed to foreign exchange risk.

17.3 Liquidity risk

Liquidity risk, also called financing risk, is the risk that a company might encounter difficulty in accumulating funds to meet its commitments associated with financial instruments. Liquidity risk may arise as a result of the inability to quickly sell a financial asset at a value close to fair value.

The Group's liquidity policy is to identify financing needs in advance and take action to meet them.

NOTE 18: SUBSEQUENT EVENTS

At the date of approval of these consolidated financial statements, there are no subsequent events that would lead to the modification of the consolidated financial statements.

These consolidated financial statements were approved and signed today, March 27, 2023.

ADMINISTRATOR,

Name and surname:
Ioan-Adrian Bindea

Signature _____

Prepared by,

Name and surname: Monocont Evidence SRL
Status: Authorised legal persons, CECCAR members

Signature _____