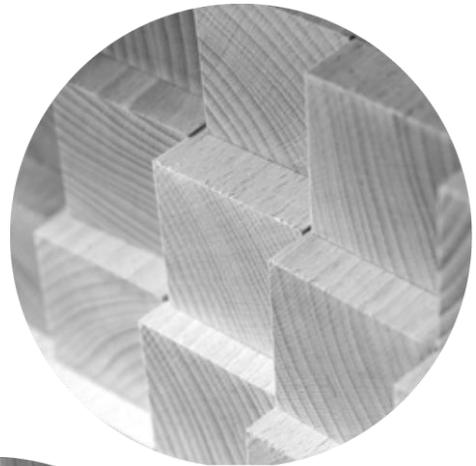
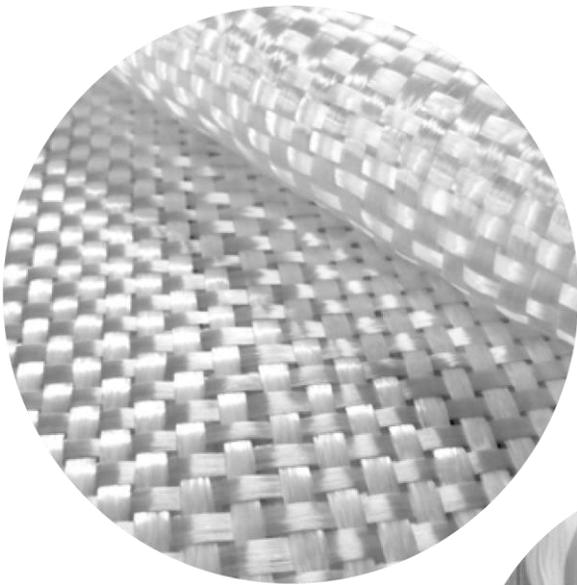


PRELIMINARY FINANCIAL REPORT

FOR 2023



Company listed on AeRO market
of the Bucharest Stock Exchange

SYMBOL: ROC1

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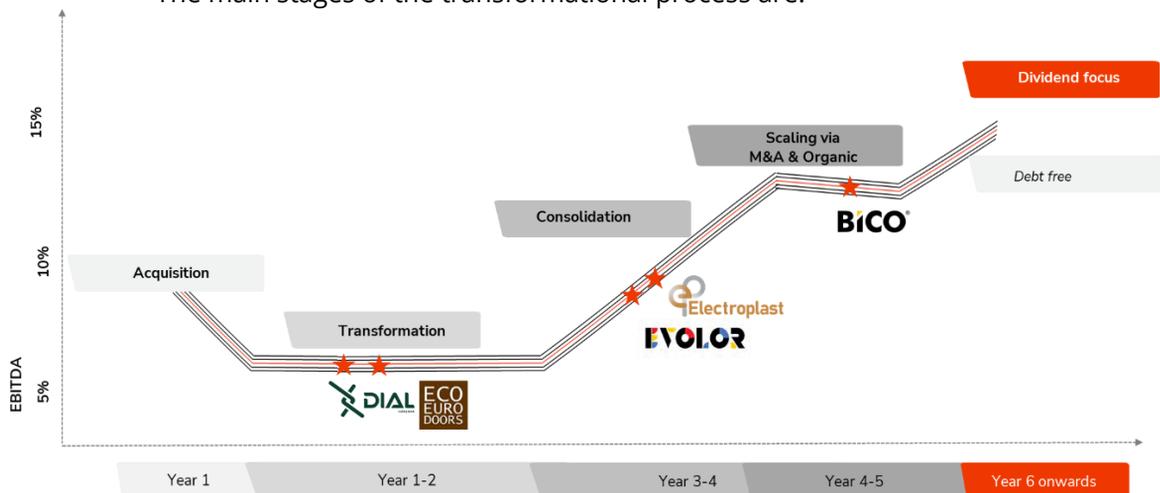
MISSION, OBJECTIVES, BUSINESS MODEL

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

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

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

The main stages of the transformational process are:



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

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

MISSION, OBJECTIVES, BUSINESS MODEL

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

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

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

COMPANY INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Report type	2023 Preliminary Financial Results
For the financial period	01.01.2023 – 31.12.2023
Date of publication of the report	29.02.2024

ISSUER INFORMATION

Name	ROCA INDUSTRY HOLDINGROCK1 S.A.
Fiscal code	RO 44987869
Trade Register registry number	J40/16918/2021
Registered office	4 GARA HERĂSTRĂU street BUILDING A, Floor 3, District 2 Bucharest

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up share capital	RON 248,672,220
Market on which the securities are traded	SMT-AeRO Premium
Total number of shares	24,867,222
Symbol	ROC1
Closing price	RON 9.30 per share (29 Dec 2023)
Capitalization	RON 164.6 mn (29 Dec 2023)

CONTACT DETAILS FOR INVESTORS

Phone number	+40 723 511 138
Email	investors@rocaindustry.ro
Website	www.rocaindustry.ro

The preliminary financial statements as of 31 December 2023 presented are **unaudited**.

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



Message **FROM THE CEO**

Ioan-Adrian Bindea



Dear Shareholders,

I am writing this message at the end of February, when one of our promises from last year is a few days away from materialization: the admission to trading of ROCA Industry holding on the main market of the Bucharest Stock Exchange. At this time, when our focus has been to meet all compliance requirements, I want to confess to you that one of the great challenges I receive, is the need to communicate in pre-established stages, with absolutely validated information, as opposed to a real-time, "hot" communication of information of interest. I hope that our intention of transparency will be conveyed through all the other communication channels in which we invite you to open dialogue.

I have chosen to take a slightly different approach in this letter, attempting a synthetic structure. We are publishing preliminary results for 2023 and I will try to put context behind the figures. As previously, I will present the data, with positives and negatives, without placing them in a better light, hyphenated for full transparency.

Market context:

- We operated in an extremely demanding market. Overall, the market fell double-digits, the number of building permits fell by more than a quarter, and the whole construction sector was supported in 2023 by infrastructure works.
- To our advantage, we had anticipated this development, we pointed it out a year ago and we adapted accordingly. We knew that there could not be a year where we could have margins at a level comparable to 2022, so we decided to gain market share.



Message

FROM THE CEO

ROCA Industry:



- At holding level, we have achieved two major objectives. We strengthened the team and finalised product development.
- From the team's point of view, the arrival of Stefan Szitas as COO has brought a great benefit. The number, scale, and pace of projects in the companies have increased significantly, whether it is digitisation, coordination efficiency, reduction of non-conformities, OEE increase, etc.
- As far as the ROCA Industry product is concerned, this transformational process that we are constantly promoting has a much clearer consistency today than 1 year ago. It is about team building, operational streamlining, creating strong brands, implementing policies, transferring the know-how between companies and more. It is a process that involves first investing resources and then waiting for results. It is a process that involves a J-curve, which Electroplast, EVOLOR and BICO have already gone through, but DIAL and Eco Euro Doors are still there.
- The year 2023 was also the year of promises kept. We promised 3 deals and completed Electroplast, Iranga and Workshop (signing was in September and closing in 2024 for rather administrative reasons, which depended on the Competition Council etc). We promised a capital increase and we achieved the largest share capital increase on the Romanian stock exchange in the whole year 2023 (and in fact one of only 2 successful ones in the whole year). We promised the move to the main market and although technically this will not happen for another week, it has been in the pipeline since last year. A year ago, we did not realise how hard it would be to deliver on those promises, but we did .



Message

FROM THE CEO

BICO: 

- Following its latest acquisitions, it has become the 3rd largest in the European Union in its field of activity and the leader in the EEC. I begin with this point, and I stress it for 2 reasons. On the one hand, we lack Romanian companies that are European leaders, which play on a level playing field with Italy, France, and Germany. On the other hand, we are committed to creating regional champions and this is the first concrete example. We have shown what we mean by creating regional champions and we have shown that we can grow such companies here in Romania.
- With the acquisition of Iranga, BICO has achieved more than just breaking into the big league. We have shown that we can buy companies to the west of us, that we can buy from western shareholders (the former shareholder was a Swiss company owned by German nationals), we have shown that we are capable of expansion to the west, demonstrating that we are not just an expansion market for them.

EVOLOR:

- By far the best performing company in 2023 in our portfolio, it achieved impressive growth in both turnover and EBITDA.
- The most ambitious investment plan in the entire portfolio has been launched, involving the complete relocation of the plant, the replacement of most of the production equipment and the opening of new business lines.



Message

FROM THE CEO

Eco Euro Doors (EED):



- In terms of results, EED was our main challenge. Over-reliance on one client was a disadvantage we were unable to mitigate. EED is also the company where we (besides DIAL) have had the most recruitment setbacks, including a major country-wide leadership crisis that the whole business is complaining about. We are on our 3rd CEO in the last 12 months and 4th CCO in the last 12 months. This is one of the reasons why we have not been able to implement everything we planned.
- On the other hand, the experience gained in managing all the challenges coming from the EED has opened our horizons in this sector. Thus, in early 2024, we acquired the second largest manufacturer of interior doors. Such a transaction is a remarkable success. If we add commercial synergies (EED is the leader in the DIY sector in Romania, and WD is the leader among the other 3), production synergies (both companies are from Reghin, together they hold 3 factories, and the production of interior doors is divided into 3 main categories of doors), as well as those in purchasing and logistics, we have all the ingredients for a fairytale 2024.

DIAL:

- It was, next to EED, as mentioned above, the company where we encountered the most hurdles in the recruitment process, and this was reflected in the financial results. I learned first-hand how difficult it is to recruit in small, unattractive towns such as Hârșova or Reghin, in the context of the acute lack of skilled labour on the market.



Message

FROM THE CEO

Electroplast (ELP):



- The only company in its portfolio to benefit from the boom in public investment in infrastructure, Electroplast is the national leader in signalling cables for the railway sector, considered one of the most difficult, complex, and regulated sectors. ELP has consolidated its reputation of being top of mind for all players in this market: Alstom, Thales, Siemens. We have won all the tenders for the sections on Corridor IV in recent years (all the sections from Bucharest to Sighisoara), and last year we also won the contracts for the Craiova - Drobeta Turnu Severin - Caransebeş sections.

The above are just a few pieces of the 2023 puzzle. If I had to characterise it briefly, I would say it was a year of processes, preparing for the results that will come in 2024, but also a year in which we laid a very solid foundation. I invite you to browse through the preliminary figures for 2023 below. Further details will be presented in the final report, when we will also elaborate on the outlook for 2024. Until then, I wish you a better year to enjoy together

Ioan-Adrian Bindea
Chief Executive Officer



EXECUTIVE SUMMARY

Year 2023 - key events

- **Completion of the process of increasing the share capital of ROCA Industry, together with the admission to trading on the main market of the Bucharest Stock Exchange (BSE)**
 - **The share capital increase process** was carried out in two stages between November 2023 and January 2024 (stage 1 - exercise of existing shareholders' pre-emptive rights to maintain their share in the total share capital and stage 2 - private placement, intended for existing shareholders and other investors). A total of 7.2 mn shares were subscribed at a price of RON 10/share, the share capital being increased from RON 176.9 mn to RON 248.7 mn.
 - On 11 March 2024 ROCA Industry shares **will be admitted to trading on the main market of the BSE**, Standard category, approximately two years after the listing of the holding on the AeRO market, in line with the promises made by the majority shareholder.
- **Two acquisitions completed and one advanced negotiation underway in 2023 (completed in February 2024)**
 - Full acquisition of **Iranga Technologijos, UAB**, by BICO (May 2023), a transaction through which BICO expanded its business in Lithuania;
 - Completion of the acquisition of 99.99997% of the share capital of **Electroplast S.A.** (June 2023), one of the largest producers of low-voltage copper and aluminium electrical cables;
 - Negotiations during 2023 for the acquisition of 70% of the share capital of **Workshop Doors S.R.L.**, a company active since 2009 in the interior doors market in the region; the transaction was completed in February 2024;
- **Evolor completed the acquisition of a former paints factory**, located on the Oltchim platform, which will increase production capacity and enable the launch of new products from 2024.

Year 2023 – key financial results

In view of the admission to trading on the main market of the BSE, ROCA Industry has prepared preliminary consolidated and individual financial statements for the year 2023 in accordance with OMFP no. 2844/2016, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as amended.

EXECUTIVE SUMMARY

The Preliminary Financial Report for the year 2023, which includes the financial statements, has been prepared on the basis of different accounting regulations from those underlying the preparation of the previous financial reports, i.e. OMFP no. 1802/2014, as amended. Therefore, the figures presented in the reports prepared under different standards cannot be comparable as the recognition principles under IFRS result in differences in the recognition and interpretation of financial information.

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

P&L Indicators OMFP 1802	Results for 2023 (RON th)			EBITDA margin 2023	Net margin 2023	Variation 2023 vs 2022		
	Turnover	EBITDA	Net result			Turnover	EBITDA	Net result
Evolor	96,209	15,025	439	15.6%	0.5%	24.9%	58.5%	-93.7%
Bico	141,234	2,938	(3,034)	2.1%	-2.1%	38.0%	-67.1%	N/A
Terra*	41,141	1,996	319	4.9%	0.8%	-6.9%	-53.0%	-88.7%
Europlas Lux	4,180	(1,152)	(1,266)	-27.6%	-30.3%	-60.6%	N/A	N/A
Iranga	8,924	558	(321)	6.3%	-3.6%	-18.5%	N/A	-42.2%
EED	55,497	1,766	(6,657)	3.2%	-12.0%	-17.3%	-85.0%	N/A
Dial	50,697	3,113	(2,439)	6.1%	-4.8%	-22.5%	-60.2%	N/A
Electroplast	155,965	7,720	143	5.0%	0.1%	16.4%	-19.8%	-95.3%
Total companies	553,848	31,965	(12,816)	5.8%	-2.3%	8.2%	-39.6%	153.8%
Roca Industry	-	(6,513)	(434)	N/A	N/A	N/A	94.3%	N/A
Total cumulated	553,848	25,453	(13,250)	4.6%	-2.4%	8.24%	48.62%	N/A

P&L indicators IFRS	Results for 2023 (RON th)			EBITDA margin 2023	Net margin 2023 Turnover	Variation 2023 vs 2022		
	Turnover	EBITDA	Net result			EBITDA	Net result	Rezultat net
Evolor	96.209	14.771	6.938	15.4%	7.2%	24.9%	54.2%	45.5%
Bico	144.962	5.181	(10.036)	3.6%	-6.9%	9.1%	-55.5%	23.6%
EED*	55.480	3.069	(7.653)	5.5%	-13.8%	40.6%	-45.7%	554.8%
Dial*	50.697	2.879	(4.705)	5.7%	-9.3%	318.8%	N/A	141.2%
Electroplast	78.515	5.434	741	6.9%	0.9%	N/A	N/A	N/A
Total companies	425.863	31.334	(14.715)	7.4%	-3.5%	62.9%	17.3%	127.2%
Roca Industry	-	(6.326)	(6.823)	N/A	N/A	N/A	104.3%	94.8%
Total consolidated	425.863	25.008	(21.537)	5.9%	-5.1%	62.9%	5.9%	115.8%

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

EXECUTIVE SUMMARY

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

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

Further details on these two principles are given below.

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

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

- **Revenue at consolidated level** up by 62.9% compared to FY2022, both as a result of sales developments in certain segments and the impact that acquisitions (direct and indirect) have had in both periods.
- **Adjusted EBITDA at consolidated level** of RON 25.0 mn as at 31 December 2023, up 6.8% compared to the end of FY 2022, with an EBITDA margin of 5.9%, impacted by higher sales in certain segments, but with pressure on applied commercial margins, acquisitions of companies made in FY 2022 and FY 2023 (impact in the consolidated figures depending on the timing of the acquisition) and ROCA Industry's adjusted EBITDA (RON -6.3 mn, with no own operating activity). **EBITDA at the level of the productive companies** was RON 31.3 mn, compared to RON 26.7 mn in FY2022.

EXECUTIVE SUMMARY

- The depreciation and amortization expenses (RON 22.9 mn, +71.4% vs. FY 2022 following new investments for production capacity expansion and operational efficiency and company acquisitions) and the financial expenses (RON 19.4 mn, double compared to FY 2022, mainly composed of interest expenses related to LBO (leveraged-buyout) credit facilities taken out to finance company acquisitions, as well as interest expenses related to credit facilities taken out by Group companies to finance investments and ongoing operations) decreased EBITDA and resulted in a **loss at consolidated level** of RON 21.5 mn during 2023 (RON 18.9 mn loss allocated to the parent company and RON 2.6 mn allocated to non-controlling interests).

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

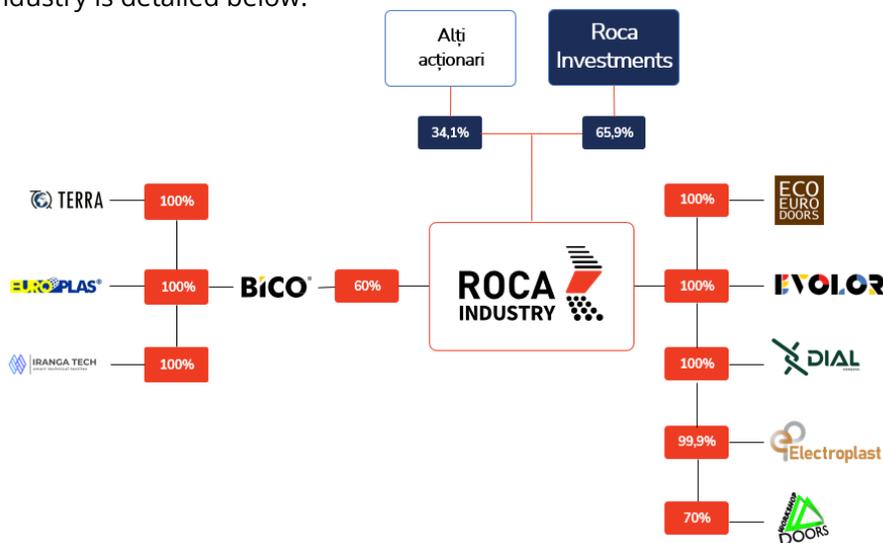
- Income at standalone level of RON 6.6 mn (+8.5% in 2023 versus 2022), consisting of financial income (**interest** of RON 5.1 mn on intra-group loans granted and **dividends** of RON 1.5 mn).
- **Operating expenses** of RON 7.0 mn, mainly represented by the holding's operating costs, increased as a result of the expansion of the company's team, as well as new acquisitions of companies with an impact on their management costs. The figures are not comparable with FY 2022 (expenses of RON 15.9 mn) given the application in the financial statements as at 31 December 2022 of a prudent approach to adjusting the value of the stake held in BICO taking into account the possibility of difficult quarters during 2022, thus recording a value adjustment of RON 12.4 mn.
- **Overall loss at individual level** of RON 0.4 mn versus a loss of RON 9.8 mn in 2022.

ABOUT ROCA INDUSTRY HOLDINGROCK1

ROCA INDUSTRY HOLDINGROCK1 S.A. („ROCA Industry”, „Company” or „ROCI”) is a Romanian company, established in September 2021 and listed on the AeRO Premium market of BSE. In January 2024, the process of increasing the company's share capital with a total amount of RON 71.7 mn was completed, and at the date of this report the listing stage on the main market of the BVB, Standard category, is underway.

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

To date, ROCA Industry has not carried out any operational activities of its own. The structure of the companies directly or indirectly owned by ROCA Industry is detailed below.



BICO is the largest producer of fibreglass mesh in Central and Eastern Europe and the third largest producer in the European Union. The company is focused on the production of fibreglass mesh for ETICS (External Thermal Insulation Composite System), fibreglass mesh for other industrial materials and fibreglass reinforcement mesh bonding. The BICO Group has an installed capacity of 120 mn square meters and operates in the market under two brands: BICO and Terra, operating in **five production centres**, two of which in **Romania**, in Piatra Neamt and Vaslui, two in the **Republic of Moldova** through Terra, Europlas and one in **Lithuania** through Iranga. The three companies have been acquired over the last two years to strengthen BICO's regional presence.

ABOUT ROCA INDUSTRY HOLDINGROCK1

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

BICO products are destined for both domestic and European markets, with exports accounting for 58% of total sales in 2023, up from 2022. On the Romanian market, the company is present in national and regional distributor networks, as well as in DIY stores nationwide. In the context of fluctuating raw material prices in 2022-2023, 2023 involved de-stocking actions, with strong impact on profitability, but which supported the maintenance of sales volumes in the Romanian market.

On the foreign market, BICO has trade relations with more than fifteen countries in the European Union (Italy, Germany, Greece, Bulgaria, Poland, and others), the Republic of Moldova and Ukraine. In the context of shrinking demand in the segment in which it operates, the company has strengthened its EEA market share to around 12% (according to company estimates) and has gained a lead over its main competitors.

To mitigate market risks, the company has also started a process of analysis on the diversification of the product portfolio, both by products with use in other industries and by formats suitable to the demand, managing to list new products in all business lines owned. This process will lead to new product launches in 2024.

Thus, at the BICO Group level, the end of 2023 was marked by the integration of teams, the consolidation of the commercial strategy by creating a common product portfolio and by segmenting the markets for optimal coverage of each type of customer. Also, at the operational level, efforts to automate work processes and automated production measurement continue.

BICO's plans for 2024 include completing the integration of the three acquired companies both operationally (including the implementation of a new ERP system and standardisation of work processes to the current size of the organisation) and commercially. In this respect, the commercial policy will start from the flexibility given by the five plants, the different products and the different cost structures, with the aim of increasing the presence in EU countries and accessing new markets.

ABOUT ROCA INDUSTRY HOLDINGROCK1

EVOLOR is one of the largest players in the paints and varnishes industry, which has successfully passed the transformation phase and is in the process of consolidation. The company is focused on the production of paints, primers, varnishes, thinners, washes, adhesives, decorative coatings, and stains. It has 7 main production departments for the products in its portfolio, mainly for the domestic market. With its two product ranges, EVOLOR addresses consumer needs in a balanced way, offering both affordable products (STICKY) and products for the premium area (Coral).

Throughout 2023, one of the key objectives has been to expand the presence of EVOLOR products, so that the products sold are now present in both modern DIY and traditional store networks. Through this strategy, the company has been able to successfully place products in major building and home improvement stores such as Dedeman, Leroy Merlin and Brico Depot, which are key sources of access for residential customers. In addition, distribution has been expanded through a network of over 1,100 traditional stores by establishing close partnerships with local distributors.

As a result of these actions, the evolution of sales in 2023 was exceptional, as official reports confirm the downturn in the industrial branch, the decrease in the consumer price index for paints and varnishes, and the de-stocking pressure on sales channels also increased. The company managed to come close to the budgeted level in 2023, as the budgeting included a lower-than-market inflation rate as an assumption. In addition, the company achieved its first sales abroad, in the Republic of Moldova and Israel. This created the conditions for the development of the export distribution channel.

Part of the development strategy was also the acquisition, in the second part of 2023, of the former Chempro paint factory, located on the Oltchim platform, as well as the technological upgrade on the primer and washable paint manufacturing line and the initiation of investments programmed in the ESG plan, by installing a second photovoltaic panel park. With these actions, EVOLOR strengthens its presence in the region and initiates the organic scaling phase of the Holding's business model. These investments are part of a multi-year plan that will continue through 2024.

Looking ahead to 2024, the company plans to strengthen its position in the national market and expand regionally. In support of this objective, EVOLOR plans a series of significant investments, directed towards the operationalization of the former paint plant acquired in 2023, the continuation of the technological upgrade, the increase of production capacities in several sections and the modernization of the vehicle fleet. Also, new innovative, feasible products for the green-building segment are to be developed, which will facilitate expansion into foreign markets and access to sustainable sources of financing.

ABOUT ROCA INDUSTRY HOLDINGROCK1

Eco Euro Doors (EED) is the largest Romanian manufacturer of doors for residential buildings, with 27 years of experience on the market. With a factory of 10,000 m², storage capacity of over 8,000 m² and additional land of 36,000 m², the company offers a wide range of products (folded doors, painted doors, and ready-to-paint doors), addressing both the need of customers for standard products and those who require non-standard sized products. EED products are distributed nationally through the Dedeman DIY chain of stores and other specialist retailers and distributors.

In 2023, the company has gone through the downward curve of the business model, it **is still in the transformation stage**. As part of this phase, and to form the right structures for growth, the management team formula as well as its composition underwent changes. Stabilizing the team and finalizing a strategic plan to consolidate the company are the main priorities at the beginning of 2024 for both the company and the Holding.

In 2023, efforts to understand the market, consumers and distribution channels continued with market mapping activity as well as the opening of the residential project sales channel. The company reinvigorated the product portfolio in the second half of the year by introducing antibacterial films, new designs, as well as introducing accessories suitable for market requirements. The company also registered two trademarks with OSIM at the end of 2023 under which it intends to market products in the future.

At the 2023 level, the company's performance was below budgeted expectations, influenced by the distribution profile with one customer with a significant share of turnover, the lack of a complete and adequate commercial structure, and the general market situation which suffered a decrease in demand. However, the company has put its investment plan into practice by commissioning new equipment totalling over EUR 700 thousand which will remove a number of bottlenecks in production and increase capacity, flexibility, and production efficiency.

For 2024, EED plans to complete the management team and stabilise the management team, continue efforts to streamline the business (including the implementation of a new, more efficient ERP system), and define the commercial policy based on the expansion of distribution channels, including expansion into other European markets. Building brand positioning will continue to be the focus of management's attention, with the introduction of the design concept in annual collections, with the aim of increasing relevance for each sales channel.

DIAL is a company specialized in the **production of edged fence panels, braided fence mesh, Rabitz mesh, rectangular posts and more**, with 30 years of experience in this market. The company, acquired by ROCA Industry at the end of 2022, is **in the transformation stage**. The portfolio comprises more than 200 products that are mainly distributed nationally through DIY chains and other specialist retailers and distributors. From a commercial point of view, 2023 saw the reorganisation of the active product assortment, the classification of product types and their role in the company's portfolio.

ABOUT ROCA INDUSTRY HOLDINGROCK1

2023 was also the year of completing the commercial management team and developing the sales team to achieve nationwide distribution. An additional action was the signing of the final acceptance for the new 5,000 m² production and storage hall in the second quarter of 2023. Thus, at the time of this report, the company has a total built production and storage area of approx. 11.000 m².

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

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

In 2024, DIAL plans to adapt its commercial policy to the market context in order to position itself as a leader in fencing and perimeter security solutions. The market research carried out in 2023 will help the company to identify new products needed to complete the current assortment in order to achieve this objective. At the same time, the company's main objective is to continue investing in energy efficiency.

Electroplast (ELP), with 30 years of experience, is **one of the largest manufacturers of low voltage copper and aluminium electrical cables**. The company has gone through the transformational holding company model during the years under the ROCA Investments umbrella and is now **in the consolidation stage**. In the railway cable sector it is the market leader (a highly regulated market in terms of certifications/quality, with some of the most complex and high quality products), while at the same time the company is actively oriented towards existing trends at European level that require increased safety standards in the construction sector, but also energy efficiency, sustainability and other public interest issues.

The company has a portfolio of approximately 3,600 cable types and sizes for various sectors such as railways, civil and industrial construction, energy, installations, telecommunications, mining, industry, etc. At national level, it is present through distributors, installers in infrastructure projects (including solar cables) and railway cable makers.

ABOUT ROCA INDUSTRY HOLDINGROCK1

In 2023, in the operational area, Electroplast continued the investment project started in 2022, by introducing into the manufacturing flow two pieces of equipment with a major impact in increasing production capacity (a copper stranding machine equipped with automatic double winder and a complete insulation and mantle application line). This step is one that supports the company's future development, considering that more than 80% of the company's current production is copper electrical cables, and drawing this metal is the first step in the manufacturing process. Thus, the integration of this line into the manufacturing flow leads to an increase of more than 30% in production capacity for the sheath application phase and ensures availability for future volume increases.

From a commercial point of view, the company continued its strategy of high specialisation of its products while balancing distribution channels. ELP also continued to develop its solar cables sector, responding to demand in this growing market segment.

Also in this industry, the first semester was marked by delays in the execution of some infrastructure projects (e.g. railways), contractions in some industries, as the company accelerated the process of prospecting export markets in parallel with local contracting. Due to these delays, the company is speeding up the process of prospecting export markets in parallel with its local contracting actions.

Also, pressures from the shrinking market led to price decreases in this segment as well, Electroplast being a small but agile competitor responded to the opportunity to capture market share, which affected profitability, but, led in the end of the year to exceeding by 4% the budget in terms of turnover, and to volumes increase by 16% as compared to 2022.

For the year 2024, the company expects to strengthen its market position by increasing production as a result of commissioning new equipment, but also expanding its product portfolio on the foreign market. Through the ongoing operational streamlining project, productivity will be improved, impacting costs and profitability.

ROCA INDUSTRY TEAM

Roca Industry team consists of:

- **Ioan Adrian Bindea** - acts as CEO since June 2022 and is Chairman of the Board of Directors since founding. With over 12 years of experience in restructuring, capital markets and real estate, previously investment manager with ROCA Investments, time during which he stabilized Frigotehnica and transformed it into a profitable company in less than two years, Ionuț Bindea has proven experience to make development-oriented decisions for Roca Industry.

ABOUT ROCA INDUSTRY HOLDINGROCK1

- **Valentin Albu** – CFO since April 2022, he has made the transition from investment to business with almost 10 years of experience in business consulting, tax, accounting and financial analysis. He aims to contribute to the transformation process, changing the mindset of the portfolio. The objective is supported by his ability to manage complex situations, proved in his position as CFO of Electroplast at a time when the company needed financial expertise to stabilise the business. He is involved in building and managing financial teams and actively communicates with company management teams on strategic issues;
- **Ondina Olariu** – holds the position of Chief Marketing Officer since May 2022, having over 20 years of experience in marketing, both in companies and in the creative industries, during which she successfully managed projects in numerous companies such as Danone, Vodafone, BAT, Ursus, Coca-Cola, P&G. In her role, Ondina ensures the construction of a strategic framework through which marketing tools are used with to maximum benefit for companies and supports the management teams to ensure the implementation of these tools as well as building the teams to ensure the successful execution of each company;
- **Alexandru Fogarași** – Chief Commercial Officer since May 2022, he comes with over 17 years of experience in the commercial and construction material sales field, in collaboration with Macon, Xella, Holver and Cemacon. Alexandru contributes to the success of companies through his active involvement in coordinating the commercial activity of the ROCA Industry companies, including building cross-company commercial policies;
- **Stefan Szitas** – is Chief Operations Officer since May 2023, with a rich experience in managing the operational aspects of the companies owned by Roca Industry accumulated over more than 15 years in various management roles covering the entire value chain. During this period, he coordinated teams in 6 countries within OMV Petrom, Bravo Europa, and Trans Gas LPG Services.

The Board of Directors of Roca Industries consists of:

- **Ioan Adrian Bindea** – Chairman;
- **Roca Management through Rudolf Vizental** - with a mix of 20 years in investment, distress and finance, campaigns for the development of an entrepreneurial culture in Romania and is a leader whose strategy is to create environments where people are passionate, inspired and motivated to achieve their goals and become better;
- **Alexandru Savin** – CEO of ROCA Agri RDF (the agribusiness holding of ROCA Investments) with a turnover of around RON 800 mn, he has extensive experience in risk management and business development, gained in Libra Bank S.A. where he held several management roles. He contributes to the development of ROCA Industry through his focus on strategic management and investment, important areas for the development and consolidation of the holding;

ABOUT ROCA INDUSTRY HOLDINGROCK1

- **Mihai Bîrliba** - with over 30 years of experience in industrial manufacturing, Mihai Bîrliba founded BICO, part of ROCA Industry holding, and is the founder of several startups in the field of construction materials, plastic packaging and plastics recycling, with a focus on manufacturing. He thus actively contributes to the business decisions of the companies under the holding umbrella;
- **Vasile Sandu** - with over 20 years of experience in the construction industry, is the founder and general manager of Proinvest Group SRL, a company specialized in the development, production and the sale of metal components and metal construction systems.

ROCA INDUSTRY ON THE CAPITAL MARKET

LIQUIDITY AND VALUE OF SHARES

ROC1 shares are included in the composition of the BVB index, BET AeRO (the benchmark index of the AeRO market managed by the BVB). In 2023, ROCA Industry was the third most traded company on the AeRO market managed by the BVB, considering DEALs.

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

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

SHARE CAPITAL INCREASE

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

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

On 11 March 2024 ROCA Industry's shares will be admitted to trading on the main market of the BSE, the Standard category.

ANALYSIS OF PRELIMINARY CONSOLIDATED FINANCIAL RESULTS

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

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

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

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

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

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

CONSOLIDATED P&L ANALYSIS

	31-Dec-22 (auditat)	31-Dec-23 (preliminar, neauditat)
Revenue	261,461,493	425,862,721
Other operating income	1,780,230	1,392,430
Changes in inventories of finished goods and work in progress	20,559,085	(16,802,288)
Raw materials, consumables used and merchandise costs	(193,721,409)	(269,835,946)
Depreciation and amortisation	(13,352,454)	(22,880,669)
Employee benefit expenses	(38,537,962)	(67,801,744)
Advertising costs	(1,449,810)	(5,167,785)
Impairment of goodwill	(9,855,137)	-
Other operating expenses	(25,829,135)	(43,665,086)
Other gains/(losses) – net	(1,264,827)	(2,764,680)
Loss on derecognition of associate	-	(782,151)
Loss on liquidated entity	-	(19,506)
Share of net profit of associates accounted for using the equity method	(49,715)	(206,065)
Operating profit / (loss)	(259,641)	(2,670,769)
Finance income	37,402	699,531
Finance costs	(9,716,705)	(19,390,839)
Net finance costs	(9,679,303)	(18,691,308)
Profit / (Loss) before income tax	(9,938,944)	(21,362,077)
Income tax expense	(39,069)	(175,228)
Profit / (Loss) for the period from continuing operations	(9,978,013)	(21,537,305)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(183,625)	866,484
Revaluation of property, plant and equipment	2,795,504	17,820,495
Tax related to property, plant and equipment	(447,281)	(2,851,279)
Other comprehensive income for the period, net of tax	2,164,598	15,835,700
Total global result	(7,813,415)	(5,701,605)
Profit / (Loss) is attributable to:		
Owners of the Company	(10,867,424)	(18,924,935)
Non-controlling interests	889,411	(2,612,370)
	(9,978,013)	(21,537,305)
Total comprehensive income for the period is attributable to:		
Owners of the Company	(8,647,738)	(3,435,830)
Non-controlling interests	834,323	(2,265,775)
	(7,813,415)	(5,701,605)
Earnings per share		
Basic and diluted earnings per share (RON)	(0.61)	(1.07)

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

Revenue was 63.0% higher in 2023 compared to 2022, not fully comparable due to the different impact of acquisitions (direct and indirect) in the two periods. 34% of the 2023 revenue was generated 34.0% the BICO Group (production of glass fibre and glass fibre reinforcement), while EVOLOR (production of varnishes, paints and decorative plasters) contributed 22.6% of total revenue, EED (production of doors for residential buildings) with 13.0%, DIAL (production of edged panels and mesh fencing) with 11.9% of total revenues and ELP (production of electric cables, company acquired at the end of June 2023) with the remaining 18.4% of the total.

Revenue split	<u>2022</u>	<u>2023</u>
Revenue by segment		
Fiberglass and fiberglass reinforcement	132,876,211	144,961,929
Varnishes, paints and decorative plasters	77,029,926	96,209,238
Doors for residential buildings	39,448,801	55,479,732
Edged panels and fencing mesh	12,106,555	50,696,545
Electric cables	-	78,515,277
	<u>261,461,493</u>	<u>425,862,721</u>

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

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

The changes in inventories of finished goods and work in progress, amounting to RON -16.8 mn at the end of 2023 (compared to a positive value of RON 20.6 mn in 2022), was mainly generated by the BICO Group (RON -18.5 mn) and DIAL (RON -0.90 mn), the result of which was partly offset by positive changes in the other companies held by the holding company. As market demand decreased, coupled with a high level of stock accumulated during 2022 at a high raw material purchase price, the companies in the BICO Group slowed down the production process in their destocking process.

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

Operating expenses

Raw materials, consumables used and merchandise costs at consolidated level reached RON 269.8 mn, compared to RON 193.7 mn in 2022, up by 39%. The high share of this category of expenses in the total operating expenses is a normal aspect given the core business of the Group companies and is directly impacted by the volume of sales during the period under review. At consolidated level, another factor influencing the variation in expenses was the timing of the companies' entry under the ROCA Industry umbrella, thus the values presented represent the cost of consumption of raw materials and merchandise recorded only in the consolidation period.

Employee benefits expenses increased 75.9% in 2023 versus 2022, both because of new companies entering the consolidation perimeter, as well as based on the increase in construction wages, but also given the initiation of implementing ROCA Industry's operational transformation strategy.

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

Other operating expenses reached a level of RON 43.7 mn at the end of 2023, by 69.1% above the level of 2022, and mainly comprise expenses for utilities, transport, maintenance and repairs, insurance.

The operating result influenced also by the 2023 market context led to a **EBITDA** at consolidated level of RON 25.0 mn (**EBITDA margin** of 5.9% of turnover), compared to a level of RON 23.6 mn at the end of 2022 (EBITDA margin of 9% of turnover). The contribution of each company to EBITDA is as follows:

EBITDA split	<u>2022</u>	<u>2023</u>
EBITDA by segments		
Fiberglass and fiberglass reinforcement (BICO Group)	11,655,221	5,181,156
Varnishes, paints and decorative plasters (EVOLOR)	9,578,841	14,770,904
Doors for residential buildings (EED)	5,655,085	3,068,929
Edged panels and fencing mesh (DIAL)	(176,716)	2,879,032
Electric cables (ELP)	-	5,434,060
EBITDA productive companies	<u>26,712,431</u>	<u>31,334,081</u>
ROCA Industry – standalone	<u>(3,095,892)</u>	<u>(6,326,136)</u>
EBITDA consolidated	<u>23,616,539</u>	<u>25,007,945</u>

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

During 2023 the productive companies (considering within the BICO Group also Terra, Iranga and Europlas) achieved EBITDA margins between 3.6% (BICO) and 15.4% (EVOLOR). The year 2023 was characterised by higher sales in some segments, but with pressure on applied trade margins. At the same time, through the implementation of the operational development strategy involving both growth (CAPEX investments) and M&A operations to ensure a solid foundation, in an economic context that will not be free of challenges and influences beyond the Group's control

Consolidated EBITDA was eroded by **depreciation and amortisation expenses** totalling RON 22.9 mn, 71.4% higher than at the end of 2022, on the back of the depreciation of the assets of the new companies entering the consolidation perimeter, but also because of the investments made by the companies to expand production capacity and streamline operations. Thus, at the end of 2023, the **operating loss** reached a level of RON 2.7 mn, compared to a loss of RON 0.2 mn in 2022.

The financial loss of RON 18.7 mn, an increase of 93.1% compared to the result at the end of 2022, was generated by **financial expenses** of RON 19.4 mn, mainly representing interest expenses related to LBO credit facilities taken out to finance company acquisitions, as well as credit facilities taken out by ROCA Industry portfolio companies to finance investments and current activity. At the same time, **financial income**, amounting to RON 0.7 mn as at December 2023, mostly represents interest income on short-term deposits.

Taking all these items into account, the **Profit / (Loss) for the period from continuing operations before income tax** was RON 21.4 mn (compared to RON 9.9 mn on 31 December 2022). Its breakdown by business line is shown below.

	<u>2022</u>	<u>2023</u>
Operating loss by segments		
ROCA Industry	(3,474,165)	(6,785,545)
Fiberglass and fiberglass reinforcement (BICO Group)	(8,011,763)	(10,478,547)
Varnishes, paints and decorative plasters (EVOLOR)	5,389,544	7,788,788
Doors for residential buildings (EED)	(1,525,456)	(7,923,672)
Edged panels and fencing mesh (DIAL)	(2,317,104)	(4,602,066)
Electric cables (ELP)	-	638,965
	<u>(9,938,944)</u>	<u>(21,362,077)</u>

ROCA Industry recorded an overall loss at consolidated level of RON 21.5 mn during 2023, of which a loss of RON 18.9 mn is allocated to the parent company and the difference of RON 2.6 mn is allocated to non-controlling interests.

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

CONSOLIDATED BALANCE SHEET ANALYSIS

	31-Dec-22	31-Dec-23
	<i>(audited)</i>	<i>(preliminar, not audited)</i>
ASSETS		
Non-current assets		
Goodwill	69,706,149	84,986,592
Other intangible assets	95,242,919	110,840,590
Property, plant and equipment	130,462,278	205,828,297
Right-of-use assets	6,629,426	14,654,827
Investment in associates	1,070,610	-
Non-current financial assets	41,208	34,800
Total non-current assets	303,152,590	416,345,106
Current assets		
Inventories	101,026,476	90,076,889
Trade receivables	22,279,728	75,047,434
Other current assets	4,982,756	4,644,387
Prepayments	127,400	1,333,976
Restricted cash	494,740	-
Cash and cash equivalents	42,434,560	38,501,726
Total current assets	171,345,660	209,604,412
TOTAL ASSETS	474,498,250	625,949,518
EQUITY and LIABILITIES		
Capital and reserves		
Share capital	176,945,730	176,945,730
Share premium	38	38
Transaction costs on issuance of shares	-	-
Revaluation reserve	2,348,223	17,317,439
Other reserves	(128,537)	391,352
Retained earnings	(18,246,667)	(32,313,032)
Total equity	160,918,787	162,341,527
Non-controlling interests	17,732,186	20,327,287
Total equity	178,650,973	182,668,814
Non-current liabilities		
Împrumuturi	133,469,839	169,847,973
Datorii leasing	3,498,080	8,656,439
Subvenții guvernamentale	4,586,442	3,223,141
Datorii privind impozitul pe profitul amânat	16,754,947	20,083,588
Total datorii pe termen lung	158,309,308	201,811,141

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

	31-Dec-22	31-Dec-23
	<i>(audited)</i>	<i>(preliminar, not audited)</i>
Current Liabilities		
Borrowings	66,807,063	97,907,495
Lease liability	1,802,308	2,823,522
Liabilities related to acquisition of subsidiaries	30,057,910	58,097,114
Trade and other payables	32,761,647	73,696,881
Provisions	3,471,202	5,582,265
Employee benefits - current	1,641,832	1,396,334
Current tax liabilities	996,007	1,965,952
Total current liabilities	137,537,969	241,469,563
Total liabilities	295,847,277	443,280,704
TOTAL EQUITY AND LIABILITIES	478,498,250	625,949,518

At the end of 2023, **total assets** at consolidated level amounted to a total of RON 625.9 mn, up 31.9% compared to the value on 31 December 2022. The increase is mainly due to the inclusion in the scope of consolidation of the acquisitions during 2023 (Electroplast, Iranga and Europlas) whose financial position is not reflected in the financial statements of 2022. The structure, broken down by operating segment (eliminating the impact of ROCA Industry) is shown in the table below.

	31-Dec-22	31-Dec-23
Varnishes, paints and decorative plasters (EVOLOR)	115,521,962	126,818,889
Fiberglass and fiberglass reinforcement (BICO Group)	165,938,894	164,703,219
Doors for residential buildings (EED)	119,526,937	110,281,520
Edged panels and fencing mesh (DIAL)	70,514,164	76,964,293
Electric cables (ELP)	-	132,565,877
	471,501,957	611,333,798

Non-current assets

Non-current assets at consolidated level increased by 37.0% compared to 2022, reaching RON 416.3 mn. The effect of company acquisitions in 2023 was mainly felt on property, plant and equipment (+57.8% compared to 2022), mainly consisting of land and buildings, equipment, fixed assets under construction and advances for non-current assets. In addition, **goodwill** advanced by 21.9% to a total of RON 84.9 mn at the end of 2023 because of the companies acquired during the year (ELP, Iranga and Europlas). **Other intangible assets** (+16.4% compared to 31 December 2022) mainly include trademarks, customer relationships and licenses and other intangible items, with the increase coming mainly from the acquisition of ELP.

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

Current assets

Total **current assets** on 31 December 2023 amounted to RON 209.6 mn, up 22.3% compared to the amount on 31 December 2022. Of these, the most important component was **inventories**, amounting to RON 90.1 mn, which showed a 10.8% decrease between the two periods. The main components are raw materials, finished goods and merchandise, work in progress and advances for the purchase of inventories of companies in the scope of consolidation.

Receivables at consolidated level at 31 December 2023 amounted to RON 75.1 mn, increasing more than 3 times compared to the end of 2022, a development generated by the consolidation of ELP.

Cash and cash equivalents were in total amount of RON 38.5 mn, 9.3% below the level as of 31 December 2023.

Equity and liabilities

The **equity** did not change significantly, reaching a level of RON 182.7 mn at 31 December 2023, compared to RON 178.7 mn at the end of 2022. The paid-up capital, at the same level as in the previous period, in the amount of RON 176.9 mn, is made up of paid-up subscribed share capital in the amount of RON 105.9 mn and the contribution in kind of 70% of BICO's shares of RON 71 mn.

The only item that influenced the decrease in equity was the current consolidated loss for 2023.

Total liabilities at consolidated level were 49.8% above the level on 31 December 2022, reaching a total of RON 442.7 million. Their breakdown by operating segment (eliminating the influence of ROCA Industry) is as follows:

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Varnishes, paints and decorative plasters (EVOLOR)	79,923,391	84,608,569
Fiberglass and fiberglass reinforcement (BICO Group)	74,000,007	84,265,471
Doors for residential buildings (EED)	86,398,951	77,922,476
Edged panels and fencing mesh (DIAL)	48,917,214	53,157,379
Electric cables (ELP)	-	72,789,943
	<u>289,269,563</u>	<u>372,743,839</u>

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

Long-term liabilities at consolidated level as of 31 December 2023, with a 46% share in total liabilities, amounted to a total of RON 201.8 mn, 27.5% above the level recorded at the end of 2022. The increase was due both to the inclusion of new companies in the consolidation perimeter, as well as to new credit facilities taken out by companies to finance investments or current activity.

Long-term borrowings are the most important component of long-term liabilities, amounting to RON 169.9 mn, +27.3% compared to the end of 2022. The changes compared to the amount as at 31 December 2022 come from the long-term portion of new credit facilities contracted by Group companies and from the impact of the credit facilities taken over at ELP's acquisition (RON 14.3 mn).

Another item that has increased significantly is **lease liabilities**, which at the end of 2023 reached a level of RON 8.7 mn, compared to RON 3.5 mn at the end of 2022. These debts represent leasing facilities contracted mainly for the purchase of equipment necessary to carry out the current activity.

Deferred tax liabilities of RON 20.1 mn are determined on the basis of the specific corporate tax rate of each subsidiary (RO - 16%, MD - 12% and Lithuania 15%).

Short-term liabilities at consolidated level at the end of 2023 reached a total of RON 241.5 mn, almost double the level at the end of 2022. The most important items in their structure are borrowings (RON 97.9 million), trade and other payables (RON 73.7 mn) and payables related to the acquisition of shareholdings (RON 58.1 mn).

Short-term borrowings (RON 97.9 mn as at 31 December 2023, +46.6% compared to 31 December 2022) increased mainly due to the consideration of ELP in the scope of consolidation (short-term loans of RON 34.4 mn needed to carry out the current activity and to finance working capital, including through a factoring line), as well as a new loan taken by ROCA Industry from its majority shareholder, needed for financing the current activity and for DIAL according to the mentions already made public.

Trade and other payables reached a level of RON 73.7 mn at 31 December 2023, compared to RON 32.8 mn at the end of 2022. More than 50% of the entire increase (RON 25.8 mn) comes from the inclusion of ELP, Iranga and Europlas in the consolidation perimeter, the difference being generated by the activity of the other companies in the Group.

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

Liabilities related to acquisition of subsidiaries, totalling RON 58.1 mn, increased from RON 30.0 mn compared to 31 December 2022, as a result of the acquisition of 99.99997% of the share capital of ELP, while the liabilities of the other companies decreased (EVOLOR) or were completely extinguished (debts to former shareholders of EED and DIAL), as shown in the table below.

	<u>31 December 2022</u>	<u>31 December 2023</u>
EVOLOR – towards former shareholders	14.747.962	12.346.125
DIAL	2.473.745	-
EED	12.836.203	-
ROCA Investments after acquisition of ELP	-	45.750.989
TOTAL	<u>30.057.910</u>	<u>58.097.114</u>

ANALYSIS OF STANDALONE FINANCIAL RESULTS

STANDALONE P&L ANALYSIS

	31-Dec-22 (audited)	31-Dec-23 (preliminar, not audited)
Other operating income	771	1.086
Finance income	6,059,155	6,573,384
Depreciation and amortisation	(243,392)	(214,163)
Employee benefit expenses	(1,406,269)	(2,929,120)
Transport costs	(30,406)	-
Finance costs	(194,258)	(636,509)
Advertising costs	(309,678)	(551,089)
Impairment of investments	(12,385,542)	-
Other operating expenses	(1,350,309)	(2,847,012)
Other gains/(losses) – net	59,305	210,527
Profit / (Loss) before income tax	(9,800,623)	(392,896)
Income tax expense	(28,363)	(43,701)
Profit / (Loss) for the period from continuing operations	(9,828,986)	(435,597)
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	(9,828,986)	(435,597)

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

Financial income of RON 6.6 mn (+8.5% in 2023 versus 2022) is mainly composed of interest income of RON 5.1 mn (for intra-group loans granted) and dividend income of RON 1.5 mn represented by dividends distributed but not paid by DIAL - taken over by merger from Nativerock1 (dividends which were distributed during 2022 and were settled following the closing of the individual annual financial statements of Nativerock1).

In terms of **operating expenses** in 2023 (RON 7.0 mn versus RON 15.9 mn at FY2022), the most important amounts are operational operating costs of the holding company (i.e. staff expenses, but also expenses related to the management activities of the portfolio companies). The increase in staff expenses and other operating expenses compared to 2022 stems from the expansion of the holding company team, but also from new acquisitions of companies with an impact on their management costs, as well as expenses related to audit, ESG reporting and investor events.

ANALYSIS OF STANDALONE FINANCIAL RESULTS

In terms of expenses, the periods analysed are not comparable given the unique and specific event related to 2022 which led to a loss of RON 9.8 million (applying a prudent approach in terms of adjusting the value of the stake held in BICO taking into account the possibility of difficult quarters during 2023).

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

As a result of these developments, the Company recorded a loss from operating activities of RON 0.4 mn and an overall loss at the same level.

STANDALONE BALANCE SHEET ANALYSIS

	31-Dec-22	31-Dec-23
	<i>(audited)</i>	<i>(preliminar, not audited)</i>
ASSETS		
Non-current assets		
Other intangible assets	2,589	6,394
Property, plant and equipment	20,231	22,020
Right-of-use assets	901,488	392,399
Investments in subsidiaries	89,897,142	147,627,631
Deferred tax assets	396	769
Total non-current assets	90,821,846	148,049,213
Current assets		
Other current financial assets	80,474,275	86,518,030
Prepayments	34,333	71,185
Cash and cash equivalents	2,034,347	620,198
Total current assets	82,542,955	87,209,413
TOTAL ASSETS	173,364,801	235,258,626
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	176,945,730	176,945,730
Share premium	38	38
Transaction costs on issuance of shares	-	-
Retained earnings	(11,689,077)	(12,307,654)
Total equity	165,256,691	164,638,114
Total equity	165,256,691	164,638,114

ANALYSIS OF STANDALONE FINANCIAL RESULTS

	31-Dec-22 <i>(audited)</i>	31-Dec-23 <i>(preliminar, not audited)</i>
Non-current liabilities		
Borrowings	-	-
Lease liability	584,499	243,602
Deferred tax liabilities	-	-
Government grants	1,402	1,402
Total non-current liabilities	585,901	245,004
Current liabilities		
Trade and other payables	1,999,488	57,949,524
Current tax liabilities	11,172	-
Lease liability	319,467	153,606
Government grants	1,086	-
Borrowings	4,947,400	11,944,120
Employee benefits - current	243,596	328,258
Total current liabilities	7,522,209	70,375,508
Total liabilities	8,108,110	70,620,512
TOTAL EQUITY AND LIABILITIES	173,364,801	235,258,279

At the end of 2023, **total assets** at the individual level were 35.7% above the level at 31 December 2022, reaching RON 235.3 mn. Of these, **non-current assets**, totalling RON 148.0 mn, accounted for 62.9%. Non-current assets consist almost entirely of financial assets, i.e. the shares held by ROCA Industry in its subsidiaries. In the total amount of RON 147.6 mn, the increase of 64.2% compared to FY 2022 was generated as a result of the registration of the Company's stake in Electroplst (following the transaction that took place at the end of June), the increase in the share capital of EED and the conversion of certain receivables held by the Company in relation to DIAL. The latter two issues having been approved at the AGM of 20.12.2023.

Current assets

Total **current assets** as at 31 December 2023 amounted to RON 87.2 mn, up 5.7% compared to the amount as at 31 December 2022. The category that generated this increase was other current financial assets (+7.5%, totalling RON 86.5 mn). These current financial assets are composed mainly of loans granted to investee companies (RON 76.0 mn, which includes the loan for financing current activity granted by ROCA Investments to Electroplast prior to the acquisition of the company by ROCA Industry, taken over at the time of the Electroplast acquisition), interest on these loans (RON 8.1 mn) and dividends receivable from Nativerock (RON 1.6 mn).

ANALYSIS OF STANDALONE FINANCIAL RESULTS

Equity and debt

Shareholders' **equity** did not change significantly, reaching a level of RON 164.6 mn at 31 December 2023, compared to RON 165.3 mn at the end of 2022. Share capital, at the same level as in the previous period, in the amount of RON 176.9 mn, is made up of paid-up subscribed share capital in the amount of RON 105.9 mn and the contribution in kind of 70% of BICO's shares in the amount of RON 71 mn.

Total liabilities at the ROCA Industry level amounted to RON 70.6 mn at 31 December 2023 compared to RON 8.1 mn at the end of 2022. With a share of 99.7% of this, **short-term liabilities** are mainly made up of trade and other payables (RON 57.9 mn). The increase at the end of 2023 compared to 31 December 2022 (RON 2.0 mn) was recorded as a result of the acquisition of ELP, the amount of the transaction value was not yet paid at the end of 2023. A second component in terms of importance is that of **borrowings** (RON 11.9 mn), up compared to the end of 2022 as a result of obtaining additional loans from ROCA Investments to finance the current activity, but also for the granting of a loan in DIAL as per the current report published on 30.08.2023.

DECLARATION OF THE MANAGEMENT



Bucharest, 29 February 2024

"I confirm, according to the best available information, that the unaudited preliminary consolidated and individual financial results for the period between 01.01.2023 and 31.12.2023 give a correct and consistent picture of the assets, liabilities, financial position profit and loss account of ROCA Industry Holdingrock1 SA and that the management report provides a correct and realistic picture of the important events that took place in 2023 and their impact on the company's financial statements."

Ioan Adrian Bindea

Chairman of the Board of Directors



Preliminary Financial Report
– FY 2023

Thank You!