

ROCA INDUSTRY

2023 DIRECTORS' REPORT

Company listed on the Main market
of the Bucharest Stock Exchange, Standard Category

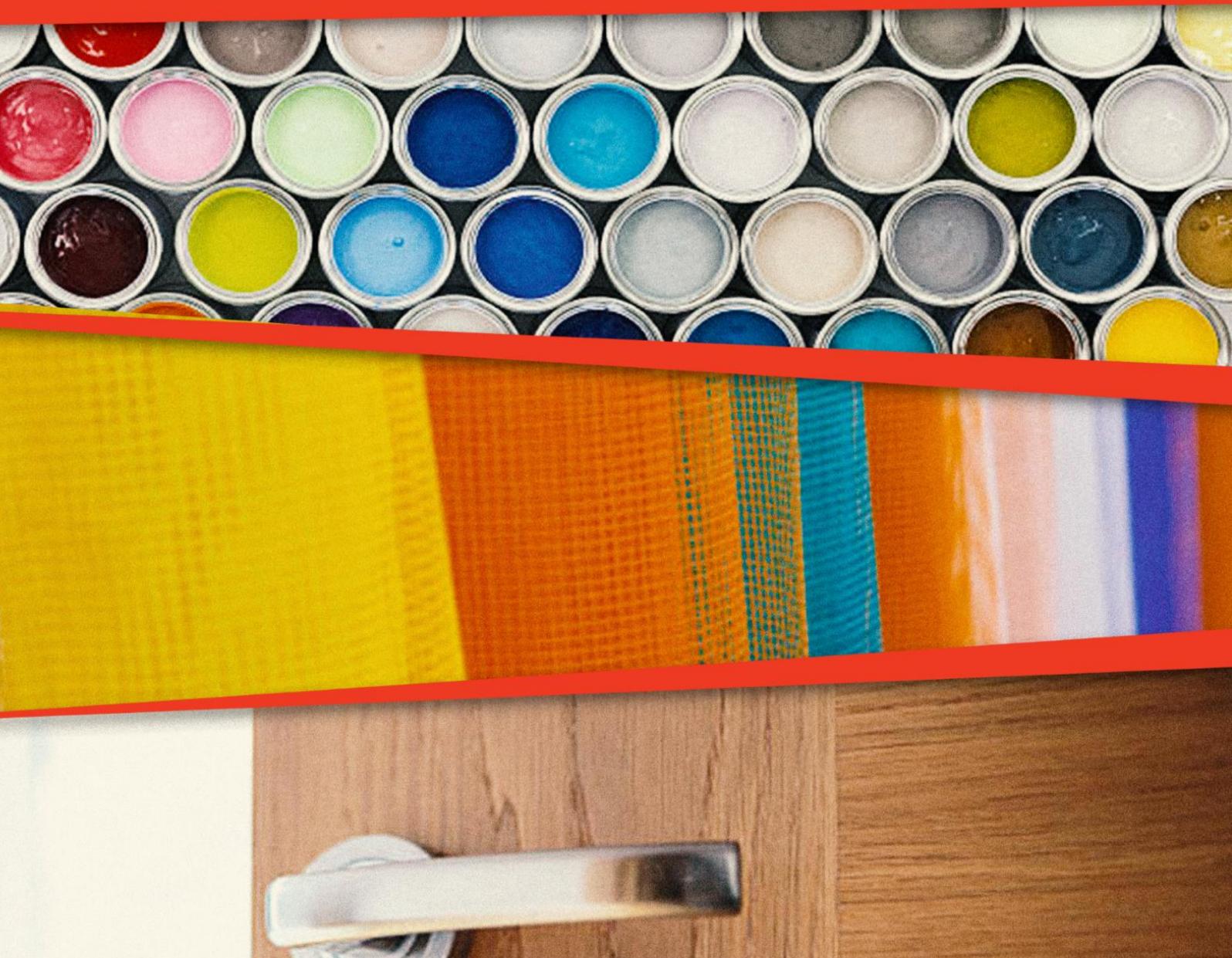


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ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Report type Directors' Report for 2023

For the financial year 01.01.2023 – 31.12.2023

Date of publication of the report 28.03.2024

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 BSE Main market, Standard Category

Total number of shares 24,867,222

Symbol ROC1

CONTACT DETAILS FOR INVESTORS

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

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

MESSAGE FROM THE CEO



Dear Shareholders,

With the publication of the annual report, we formally put an end to 2023. As I have said before, it has been the hardest year for the construction materials industry in more than the last 10 years. The drops that the market experienced this year have not been seen since the last crisis. The number of building permits declined by 21% in 2023 compared to 2022, and the trend also continues at the beginning of 2024. The residential buildings sector to which we are mostly exposed is suffering, and according

to our estimates, the situation will improve in the second part of the year. National Institute of Statistics reports declines in industrial production consistently over consecutive quarters and years. We are happy to have overcome 2023 in good shape, fortified and with many lessons learned. We are sure that, at least for Roca Industry, 2024 will be different.

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

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

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

(paint, interior doors, thermosystem mesh. Therefore, we anticipate a six-month delay between the increase in building permits and the corresponding rise in construction volume.

Briefly, short-term plans are outlined as follows:

✓ **Roca Industry**

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

✓ **Bico Industries**

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

✓ **Evolor**

- The main focus is to continue the investments in the new production facility. We have acquired three more plots of land in proximity for the expansion of the hall already purchased and will be followed by the purchase of new production lines, the construction of another new hall and relocation of retained equipment.
- Evolor is, starting this year, a licensed partner company of Mattel for the Barbie and Hot Wheels brands. This means that, among other products that we will launch in 2024, some will be for children.

✓ **Eco Euro Doors & Workshop Doors**

- The most important ROC1 project in 2024 is the integration of the two companies and create most valuable synergies. We are also preparing to launch

a merger project, which will create a new regional player in ROC1 portfolio, as well as (probably) the most profitable company in the holding.

- The integration process entails equipment relocation, production flow changes and streamlining and ERP implementation.
- We also intend to expand our client portfolio among the foreign DIY networks.

✓ **Dial**

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

✓ **Electroplast**

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

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

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

In the same direction, I point out that we have budgeted an increased EBITDA by over 100% compared to last year, although we did not expect the market to help us in a particular way. We looked back at what we built in 2023 and this should result. The expenses incurred last year and not yet covered by revenues, whether we refer to those related to team building, commercial network development, marketing, operational streamlining etc., must show their results this year. Similarly, we budgeted the first year with profit. Although still small,

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the difference between EBITDA and bottom line is approximately Lei 60 Mn, due to the level of indebtedness and high financial costs, but it is a start.

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

Ioan-Adrian Bindea

General Manager



MISSION, OBJECTIVES, BUSINESS MODEL

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

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

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

The main stages of the transformational process are:



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

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

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

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

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

EXECUTIVE SUMMARY

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

Year 2023 - key events:

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

Year 2023 – key financial results:

As the Company is admitted to trading on the main market of the BSE, ROCA Industry has prepared the consolidated and individual financial statements for the year 2023 in

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

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

P&L Indicators OMFP 1802	Results for 2023 (RON th)			EBITDA margin 2023	Net margin 2023	Variation 2023 vs 2022		
	Turnover	EBITDA	Net result			Turnover	EBITDA	Net result
Evolor	96,209	15,025	439	15.6%	0.5%	24.9%	58.5%	-93.7%
Bico	141,234	2,938	(3,034)	2.1%	-2.1%	38.0%	-67.1%	N/A
Terra*	41,141	1,996	319	4.9%	0.8%	-6.9%	-53.0%	-88.7%
Europlas Lux	4,180	(1,152)	(1,266)	N/A	-30.3%	-60.6%	N/A	N/A
Iranga	8,924	558	(321)	6.3%	-3.6%	-18.5%	N/A	-42.2%
EED	55,497	1,766	(7,801)	3.2%	-14.1%	-17.3%	-85.0%	N/A
Dial	50,697	3,113	(2,439)	6.1%	-4.8%	-22.5%	-60.2%	N/A
Electroplast	155,965	7,720	239	5.0%	0.2%	16.4%	-19.8%	-92.1%
Total companies	553,848	31,965	(13,865)	5.8%	-2.5%	8.2%	-39.6%	-158.2%
Roca Industry	-	(6,521)	3,266	N/A	N/A	N/A	94.6%	N/A
Total cumulatated	553,848	25,444	(10,599)	4.6%	-1.9%	8.2%	-48.6%	N/A

P&L indicators IFRS	Results for 2023 (RON th)			EBITDA margin 2023	Net margin 2023 Turnover	Variation 2023 vs 2022		
	Turnover	EBITDA	Net result			Turnover	EBITDA	Net result
Evolor	96,209	14,771	7,007	15.4%	7.3%	24.9%	54.2%	47.0%
Bico	144,963	5,377	(8,685)	3.7%	-6.0%	9.1%	-52.5%	6.9%
EED*	55,480	1,925	(8,797)	3.5%	-15.9%	40.6%	-62.5%	652.5%
Dial*	50,697	2,879	(4,705)	5.7%	-9.3%	318.8%	N/A	141.2%
Electroplast	78,515	5,434	837	6.9%	1.1%	N/A	N/A	N/A
Total companies	425,864	30,386	(14,343)	7.1%	-3.4%	62.9%	20.9%	121.5%
Roca Industry	-	(6,335)	(6,788)	N/A	N/A	N/A	104.6%	93.8%
Total consolidated	425,864	24,052	(21,131)	5.9%	-5.0%	62.9%	9.1%	111.8%

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

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

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

Further details on these two principles are given below.

Companies (% consolidation)	2023		2022
BICO	70% (Jan-Jul)	60% (Aug-Dec)	70%
<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 24.1 mn** as at 31 December 2023, up 9.1% compared to the end of FY 2022, with an EBITDA margin of 5.6%, impacted by higher sales in certain segments, but with pressure on applied commercial margins, acquisitions of companies made in FY 2022 and FY 2023 (impact in the consolidated figures depending on the timing of the acquisition) and ROCA Industry's adjusted EBITDA (RON -6.3 mn, with no own operating activity). **EBITDA at the level of the productive companies was RON 30.4 mn**, compared to RON 26.7 mn in FY2022.
- The depreciation and amortization expenses (RON 22.9 mn, +71.6% vs. FY 2022 following new investments for production capacity expansion and operational efficiency and company acquisitions) and the financial expenses (RON 18.4 mn, double compared to FY 2022, mainly composed of interest expenses related to LBO (leveraged-buyout) credit facilities taken out to finance company acquisitions, as well as interest expenses related to credit facilities taken out by Group companies to finance investments and ongoing operations) decreased EBITDA and resulted in a **loss at consolidated level of**

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RON 21.1 mn during 2023 (RON 19.4 mn loss allocated to the parent company and RON 1.7 mn allocated to non-controlling interests).

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

- **Income at standalone level of RON 6.8 mn** (+10.8% in 2023 versus 2022), consisting of financial income (**interest** of RON 5.1 mn on intra-group loans granted and **dividends** of RON 1.5 mn).
- **Operating expenses of RON 3.5 mn**, mainly represented by the holding's operating costs, increased as a result of the expansion of the company's team, as well as new acquisitions of companies with an impact on their management costs. The figures are not comparable with FY 2022 (expenses of RON 15.9 mn) given the application in the financial statements as of 31 December 2022 of a prudent approach to adjusting the value of the stake held in BICO taking into account the possibility of difficult quarters during 2022, thus recording a value adjustment of RON 12.4 mn. In 2023, taking into account the evolution of the BICO Group as well as estimates of the evolution of the market in which it operates, part of this value adjustment was reversed (RON 3.7 mn).
- **Net profit at individual level of RON 3.3 mn** versus a loss of RON 9.8 mn in 2022.

Holding's strategic guidelines

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

Perspectives for 2024

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

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the main objectives aim to ensure robust growth for the Group, resulting in a gross margin of 23%, EBITDA margin of 10% and a net margin of 1%.

ROCA INDUSTRY ON THE CAPITAL MARKET

SHARE CAPITAL INCREASE AND ADMISSION TO TRADING ON BSE MAIN MARKET

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

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

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

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

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

LIQUIDITY AND SHARE PRICE

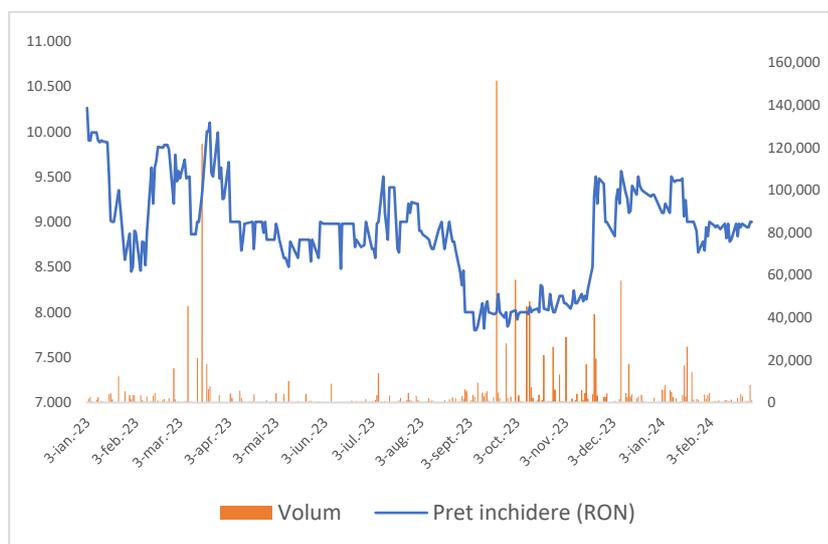
During the period when ROC1 shares were listed on the BSE AeRO Premium market, these were included in the composition of the BVB index, BET AeRO (the benchmark index of the AeRO market managed by the BVB). In 2023, ROCA Industry was the third most traded company on the AeRO market managed by the BVB,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

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

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

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

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



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

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

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

INVESTOR RELATIONS

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

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

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

DIVIDEND POLICY

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

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

On medium term, ROCA Industry has therefore the purpose of building a robust portfolio of companies meant to bring a positive impact in the economy and contribute to the industrialisation of Romania, also generating time and value for its shareholders.

The relevant principles with reference to the dividend policy are set out below:

- The company recognizes the rights of shareholders to be remunerated through dividends, representing the participation in the net profits accumulated from operations as well as the remuneration of the capital invested in the company.
- Dividends are distributed from the Company's net distributable profit based on the individual audited annual financial statements and/or from Company's other items of equity, and not from the net profit according to the annual audited consolidated financial statements.
- The dividends distributed and paid by the Group's Subsidiaries in year N (related to year N-1 results of the Subsidiaries) are recorded as finance income in Company's individual financial statements in year N and thus constitute the source of

2023 DIRECTORS' REPORT

the net result from which the Company proposes and pays dividends to its shareholders in year N+1 (related to the Company's result of year N).

- Profits obtained by the Company through the collection of dividends from the Subsidiaries will be directed both to the distribution of dividends to the Company's shareholders and to the financing of development plans, as needed.
- The Company does not intend to propose distribution of quarterly dividends.
- The company proposes to reward its shareholders also by granting free shares, following the capitalization of part of the net profits earned by the company.
- The proposal for the distribution of dividends, in the form of free shares or cash, including the rate of distribution, will be made by the Company's Board of Directors, subject to the approval of the General Meeting of Shareholders, adopted in accordance with the law.

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

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

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

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

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

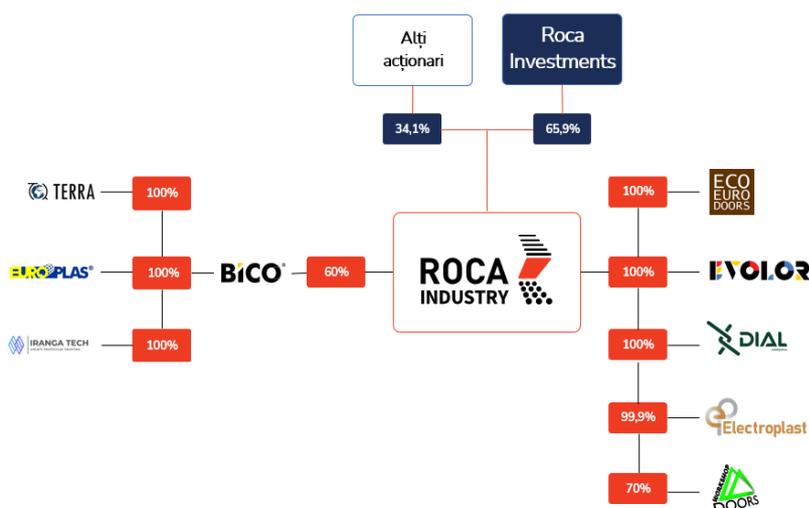
ABOUT ROCA INDUSTRY HOLDINGROCK1

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

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

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

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



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

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

BICO INDUSTRIES S.A.

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

BICO is the largest producer of fibreglass mesh in Central and Eastern Europe and the third largest producer in the European Union. The company was established in 2006. Until July 2023 ROCA Industry held 70% of the company's share capital, while its founder held 30%. After a capital increase by the founder, he increased his holding to 40% and ROCA Industry is the majority shareholder with 60% of the share capital. BICO succeeded in building and retaining in the team professionals in the field, with experience of more than 20 years. It holds three subsidiaries (Terra, Europlas and Iranga) that were acquired during the last two years in order to strengthen its regional presence. BICO group is focused on the production of 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, both in national and regional dealer networks and in DIY store networks nationwide. It carries out its activity in **five production facilities**, of which **two in Romania**, at Piatra Neamț (production of glass fibre and glass fibre or polyester reinforcement for reinforcement of industrial products, as well as PVC/ALUMINIUM angles with fiberglass mesh), and at Vaslui (production of fiberglass mesh for thermosystems), **two in the Republic of Moldova**, through **Terra, Europlas** (production of fiberglass mesh for thermosystems), and one in Lithuania, through **Iranga** (production of fiberglass mesh and reinforcement for the reinforcement of industrial products with two months of high-performance production).

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

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

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

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

BICO products are destined for both domestic and European markets, with exports accounting for 58% of total sales in 2023, up from 2022. On the Romanian market, the company is present in national and regional distributor networks, as well as in DIY stores

nationwide. In the context of fluctuating raw material prices in 2022-2023, 2023 involved de-stocking actions, with strong impact on profitability, but which supported the maintenance of sales volumes in the Romanian market, capturing market share and gaining a lead over main competitors. The estimated market share by extrapolating data on volumes used in thermosystem was 70% for the Romanian market in the fiberglass mesh segment at the end of 2023.

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

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

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

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

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

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

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

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

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

PRODUCT PORTFOLIO

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

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

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

- (ii) **Fiberglass scrim** specially designed for the reinforcement and dimensional stabilisation, by laminating, of industrial products.

This product is made of continuous filament fiberglass which are laid down in an open mesh structure and chemically welded, is specially designed for the industrial products that need a substantial improvement of their mechanical properties, being the element that

guarantees a high tensile strength and perfect control of the elasticity of the finished material.

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

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

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

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

The fiberglass mesh on PVC or ALUMINIUM profiles facilitates their integration into plaster layers, offers flexibility during installation and durability of finished corners.

COMPETITIVE DIFFERENTIATION

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

EVOLOR S.R.L.

One of the largest players in the paint and varnish industry

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

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

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

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

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

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

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

In parallel with this expansion, in 2023 a technological upgrade was carried out for the production line of washable primers and paints, and investments scheduled in the ESG plan were initiated, by installing a second fleet of photovoltaic panels, which allows the use of

renewable energy sources, thus reducing the carbon footprint of operations. These investments are part of a multiannual plan which will be carried on during 2024. The company made the first ESG report also in 2023, under which it implemented a complex plan of measures, integrating the ESG-specific objectives in the business objectives.

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

PRODUCT PORTFOLIO

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

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

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

COMPETITIVE DIFFERENTIATION

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

ECO EURO DOORS S.R.L.

The largest Romanian manufacturer of doors for residential buildings

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

In 2023, the company has gone through the downward curve of the business model, it is still in the **transformation stage**. As part of this phase, and to form the right structures for

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

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

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

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

PRODUCT PORTFOLIO

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

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

DIAL S.R.L.

One of the largest producers of fence panels and fence mesh

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

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

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

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

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

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

PRODUCT PORTFOLIO

The main products offered by Dial Hârşova are:

- (i) **Edged panels**, fence or synthetic, are used to enclose workshops and factories, parks and gardens, public buildings, shopping centres and sports complexes. The panels are made by welding pre-galvanised wires that provide protection against corrosion, and then plasticised in fluidised bed (in the case of plasticised panels).
- (ii) **Fence mesh**, woven or covered in PVC, is used to enclose households, vineyard, factories, shopping centres and sports complexes, but also for cages and enclosures for animals. The fence mesh is recommended due to its resistance and is made of metal wires with different diameters between 1.6-2.8 mm.
- (iii) **Rolled welded mesh** is a product made by spot welding galvanised wires and is used particularly for delimitation of roads, railways and highways, as well as for building cages for animals and fencing agricultural farms.

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

COMPETITIVE DIFFERENTIATION

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

ELECTROPLAST S.A.

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

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

In 2022, ELP has been on a sound financial footing, the best in the last 30 years, while in the previous years it experienced a deteriorated financial performance that needed solid and operational financial support. At the time when the holding Roca Industry was established,

the ELP restructuring process was in process, with an already implemented financial and operational restructuring, but with negative EBITDA and a process of completion of the management team. Including ELP at that time in the Roca Industry portfolio would have made listing ROCA Industry difficult on the AeRO market. Additionally, at that time, ELP was owned by six other shareholders. For these reasons, the holding's shareholding, ROCA Investments, considered that inclusion of ELP was not possible at the time of establishing ROCA Industry. So, two years later, the transaction by which ROCA Industry purchased all ELP shares, except for one (due to the legal restrictions on the minimum number of shareholders in a joint stock company), it was likely to bring together all the companies operating on the building materials market owned by ROCA Investments, under the umbrella of the specialised holding, ELP was the last of them.

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

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

The purchases have also been supplemented by the implementation of a tracking system for the energy consumptions, with funding being ensured through the de minimis aid

scheme on energy efficiency in SMEs and large enterprises under the Large Infrastructure Operational Programme 2014-2. All these investments contribute to energy efficiency, increased productivity and production capacity, including by eliminating bottlenecks in the production process, with direct impact in improving margins and the level of profitability.

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

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

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

PRODUCT PORTFOLIO

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

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

COMPETITIVE DIFFERENTIATION

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

WORKSHOP DOORS S.R.L.

The second largest Romanian manufacturer of doors for residential buildings

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

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

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

PRODUCT PORTFOLIO

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

KEY EVENTS IN 2023 AND BEYOND

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

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

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

GENERAL MEETINGS OF SHAREHOLDERS

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

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

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

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

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

2023 DIRECTORS' REPORT

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

On **20 November 2023**, an **OGMS** was held to approve the termination of the contract for the provision of financial audit services concluded with BDO Audit S.R.L. and to appoint KPMG AUDIT S.R.L. as financial auditor, as well as to set the duration of the contract for the provision of financial audit services at a minimum of 1 year, with the possibility of annual extension with the agreement of the parties, for a maximum period of 4 years.

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

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

MERGERS AND ACQUISITIONS

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

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

MERGERS BETWEEN INVESTMENT VEHICLES AND ROCA INDUSTRY SUBSIDIARIES

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

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

Subsequently, on **9 May 2023**, the Board of Directors approved the initiation of the merger process between Nativerock1 (the SPV established for the purpose of obtaining a credit

facility to provide the financing structure required for the acquisition of Dial) and Dial. The process was completed on **31 July 2023**.

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

ACQUISITION OF 99.99997% OF THE SHARE CAPITAL OF ELP

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

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

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

ACQUISITION OF 70% OF THE SHARE CAPITAL OF WORKSHOP DOORS

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

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

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

CHANGE IN THE BICO SHAREHOLDING STRUCTURE

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

CHANGES IN COMPANY MANAGEMENT

2023 DIRECTORS' REPORT

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

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

LOAN AGREEMENTS BETWEEN ROCA INDUSTRY AND ITS RELATED PARTIES

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

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

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

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

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

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

SIGNIFICANT SHAREHOLDERS

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

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

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

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

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

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

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

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

CONSTRUCTION MARKET IN 2023

2023 CIRCUMSTANCES

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

FACTS OF 2023

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

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

RESILIENCE IN THE PRO-CYCLICAL BEHAVIOUR

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

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

THE MAIN STRATEGIC PLANS

BUSINESS & SALES STRATEGY

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

At this level of subsidiary, the long- medium- and short-term planning process was initiated, but also to create certain flexible, agile structures enabling swift reactions and supporting business resilience in conditions of market unpredictability. Thus, Roca Industry's vision is to build powerful Romanian brands that support the transformation of the local companies into regional champions.

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

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

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

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

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

It will also continue to identify synergies - both for cost, working process, operational and commercial optimization. In order to achieve the previous objective, Roca Industry intends

to implement a series of energy efficiency principles, sustainability, environment friendly products and engagement in the projects of the community where it operates.

(i) STRATEGIC GUIDELINES

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

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

(ii) COMMERCIAL STRATEGY

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

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

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

A key element in Roca Industry's commercial strategy is the creation of synergies between the sales teams of its subsidiaries. Given the specificity of the Company, the main internal customers of its companies will be common, namely the main DIY chains operating in

Romania: Dedeman, Hornbach, BricoDepot, Leroy Merlin, Mathaus etc. For this reason, Roca Industry's increased power to negotiate with them will be a significant asset.

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

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

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

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

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

(iii) DEVELOPMENT STRATEGY

Development at Roca Industry level

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

Development at Roca Industry's subsidiaries level

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

(iv) PRODUCTION STRATEGY

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

- **Efficiency** – The Company wishes to enhance production processes efficiency by investing in better technologies and in improving the staff training. The purpose of greater efficiency will primarily be enhancement of profitability. Roca Industry also aims to improve working conditions by reducing manual and repetitive labor;
- **Sustainability** – The Company seeks to adapt its production technologies in order to provide higher protection of the environment. It is therefore a desire that the entities employed for carrying out the activity generate a smaller amount of waste in order to reduce the level of pollution, increase the percentage of recycled materials, including by using in the production process larger amount of recycled raw materials, and the consumption of energy be as reduced as possible;
- **Adjustment to the market's needs** – Roca Industry will implement a constant feedback loop within the companies, between the commercial department and the production department, whereby the products are adjusted constantly to the market needs;
- **Innovation** – Innovation will be an explicit objective of Roca Industry's subsidiaries, as regards the products and the production processes. The Company will also seek investments in new technologies, digitalisation and robotisation of production.

(v) FINANCIAL STRATEGY

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

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

(vi) HR STRATEGY

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

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

Also, in order to retain competent employees, incentive procedures will be put in place at all levels, including by implementing Stock Options Plans at top management level, but also

measures to increase working space quality and the sense of belonging to the company and Roca Industry.

(vii) SUSTAINABILITY STRATEGY WITH FOCUS ON ENVIRONMENT

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

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

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

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

(i) The opportunity for vertical development of the companies that operate in the production of building materials due to the global crisis in the supply chain

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

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

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

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

(iv) Existence in Romania of relevant companies at regional level, with possibility of international expansion, at turning points

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

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

Principles regarding production of sustainable building materials

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

- (i)** Transition to low-carbon emission - The companies in the building material sector pursue to renew their portfolio and invest in technologies to decarbonise their operations.
- (ii)** Energy efficiency improvement of buildings will enable long-term development of products and building materials related services network.
- (iii)** Growing popularity of modular constructions - Prefabricated buildings have reduced construction time and automated processes. This trend generates a demand for new integrated product offers.
- (iv)** Urbanisation - Emphasized migration of population from rural to urban areas creates a higher demand for residential complexes. It is estimated that the constructed areas will extend in most parts of EU by 2030. The highest relative increase of approximately 6% is expected in Romania and Belgium.
- (v)** Increased reuse / recycle in construction. The construction sector is influenced by the European Green Deal, which has as fundamental pillar an action plan based on circular economy (a production and consumption model that involves sharing, using, repairing, renovating and recycling existing products and materials as much as possible). The plan provides among others a higher recycling degree of the building materials and recommends an ideal share of 70% of the materials in the industry for reuse.
- (vi)** BIM constructions. The EU scope of policies also include sustainable increase in the construction sector through implementation of BIM method - Building Information Modelling. BIM European market has been measured at EUR 1.8 billion in 2016 and is expected to rise by 13% to reach EUR 2.1 billion in 2023.

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- (vii)** RRP Objective (Romania). Approximately 1,000 - 1,500 energy renovated buildings (4 million sqm residential buildings) and approximately 2,000 energy renovated public buildings (2.5 million mp).
- (viii)** National Long-Term Renovation Strategy (2020-2050) – Romania – The strategy aims at renovating the current national stock of residential and non-residential buildings, both public and private, into a highly energy efficient and decarbonised building stock by 2050. NLRS aims at renovating approximately 77% of the building stock in the following 30 years and contribute to the RRP goal of doubling the renovation rate by 2025.
- (ix)** Consolidation through M&A. M&A market promises to be an important tool for the building materials sector in terms of post-pandemic growth. Historically, the building materials companies exceed other industries when it comes to create value from acquisitions, with a RTSR (relative total shareholder return) of 11% after a year after the acquisition and 13% in 2 years from acquisition. The industry is characterised by small but constant deals in the long run, that can create significant values, going beyond the average yields of other industries
- (x)** Start-up climate perspective - The most important European start-ups in the construction sector focuses on the following topics: durable materials, develop modular constructions, online commerce services software (data analysis, project management software, BIM – Building Information Modeling).

CORPORATE GOVERNANCE

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

Board of Directors

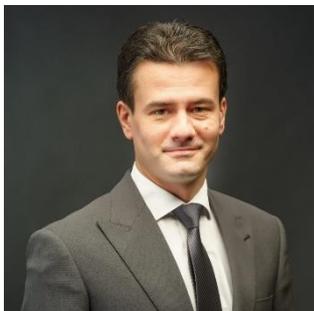
Roca Industry has adopted a one-tier management system and is managed by a Board of Directors ("BoD") consisting of 5 (five) members. The Company's BoD members at the end of 2023, as well as at the date of this report are presented in the next table.

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

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

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

Ioan-Adrian Bindea – Chairman of the Board of Directors



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

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

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

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

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

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

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

Other information:

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

ROCA MANAGEMENT S.R.L., through Rudolf Paul Vizental

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



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

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

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

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

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

Other information:

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

Alexandru Savin



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

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

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

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

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

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

Other information:

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

Mihai Bîrliba



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

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

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

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

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

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

Other information:

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

Vasile Sandu

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

He has extensive experience in the construction and building materials industry, being the founder and CEO of Proinvest Group SRL, a company specialized in the development, production and marketing of metal components and metal building systems.

During his more than 20 years in this position, Vasile Sandu led Proinvest to a group with more than 500 employees and 4 specialised factories, with a turnover of more than 50 million euros.



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

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

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

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

Other information:

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

THE BOARD OF DIRECTORS ACTIVITY IN 2023

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

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

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

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

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

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

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

ADVISORY COMMITTEES OF THE BOARD OF DIRECTORS

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

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

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

The Risk and Audit Committee has the role to assist the Board of Directors in carrying out its duties in terms of internal audit, and has also an advisory function on the Company's strategy and policy regarding the internal control, internal audit and external audit system, as well as the control of the manner in which the significant risks are managed. The

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committee is therefore responsible for the preparatory works for the decision-making activity carried out by the Board of Directors concerning the supervision of integrity and quality of financial reporting of the Company, efficiency of the management systems of risks and internal control of the Company and assessing any conflict of interest.

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

The composition of the committees, as approved by the Board of Directors for the period from the date of 23 February 2024 until 17 September 2025, is the following:

Risk and Audit Committee:

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

Nomination and Remuneration Committee:

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

EXECUTIVE MANAGEMENT AND ROCA INDUSTRY TEAM

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

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

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



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

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

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



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

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

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

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



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



Ștefan Szitas – is Chief Operations Officer since May 2023, having extensive experience in managing the operational aspects of ROCA Industry companies which was gained in over 15 years in management roles covering the entire value chain, in European building materials production and distribution, development and implementation of oil and gas logistics strategy in Eastern Europe and implementation of major investment projects. During this

period he coordinated teams in 6 countries within OMV Petrom, Bravo Europe and Trans Gas LPG Services.

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

Additional details on team's bios can be accessed on company's website at [The management team | ROCA Industry](#).

EMPLOYEES

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

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

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

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

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

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

PERSPECTIVES REGARDING THE ACTIVITY OF ROCA INDUSTRY

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

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

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

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

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

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

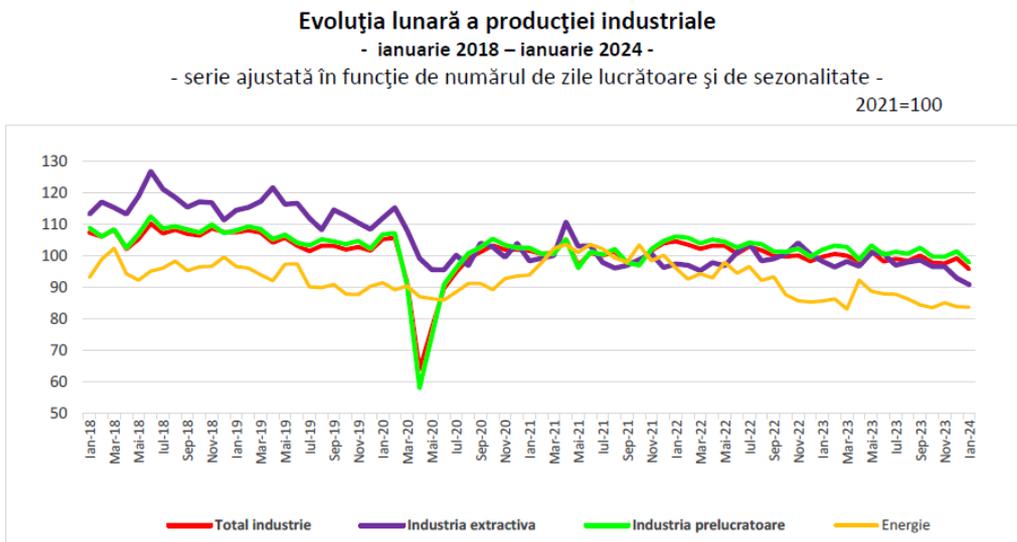
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(-1.018), North-East (-1.014), South-West Oltenia (-746) and Centre (-452, source: INS, 2024).

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

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

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



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

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

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

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

- Strengthening more agile management teams at branch level;
- Contribute to the improvement of Finance, HR, Operational and IT systems;
- Completing the commercial skills in the branches;
- Investing in innovation and new product development at subsidiary level so that we can pivot to other more resilient markets at this time;
- Creating synergies between the subsidiaries through which Roca Industry does business through (i) selling integrated product bundles, (ii) access to common customers and markets, (iii) common market strategies, (iv) access to new markets, (v) access to a broader supplier base, (vi) supply chain efficiencies, and (vii) creation of a common information and resource hub ;
- In addition, Roca Industry's management is paying close attention to reducing costs by:
 - Streamlining production flows;
 - Energy efficiency;
 - Securing the supply chain in today's volatile market ;
 - Investments for energy efficiency in subsidiary factories - for example, Bico, Dial and Evolor are planning investments for the installation of photovoltaic panels.

BICO's plans for 2024 include the following::

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

The plans of **EVOLOR** for 2024 include:

- Continue implementing the strategy developed in the second half of 2022 for multi-year development in the period 2023 - 2027, which includes a significant increase in business and strengthening the company's position on the national market, as well as opening the way to a regional leadership position;
- Making significant investments directed towards the operationalization of the former paint plant acquired in 2023, further technological upgrading and increasing production

capacities in several sections, such as decorative plasters, washable paints and varnishes and enamels, as well as modernization of the vehicle fleet;

- Maximising the development of the innovation pillar by allocating the necessary resources to create a strong R&D department, which is already involved in the development of new innovative, feasible products for the green building segment. These products are included in a broad process of refreshing the product portfolio to contribute to further expansion in foreign markets, accessing sustainable sources of financing, also facilitated by the membership of the holding company.

In 2024 **EED** targets:

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

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

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

In 2024 **ELP** aims to continue investing in equipment refurbishment as part of an investment project currently under analysis, approval and implementation, with an estimated value of EUR 9 million. It will run until 2028, and in 2024 procedures will be initiated to purchase equipment to replace obsolete and high consumption equipment. Part of this project, worth EUR 2.2 million, is under funding approval at the Ministry of Energy and aims to replace two key pieces of equipment in the manufacturing flow with modern, energy-efficient equipment

with higher productivity and variety in execution. The project will be financed partly from own sources (EUR 1.1 mn) and partly from leases, bank financing or European funds through PNRR.

The objectives of this project include:

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

STANDALONE REVENUE AND EXPENSE BUDGET FOR 2024

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

2024 Standalone Profit and Loss Account	Amount (RON)
Operational income	0
Operational expenses	8,130,668
Financia income	5,126,711
Financial expenses	771,660
Gross result	-3,793,617
Net result	-3,793,617
Number of shares	24,867,222
Net share result	-0.15

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

- **Financial incomes** comprise interest income on intra-group loans granted. As part of its holding strategy, most of the direct acquisitions were made through investment vehicles (SPVs) set up to provide the necessary financing structure (Leveraged Buyouts - Roca Industry's own credit facility and sources). To access these facilities, the SPVs agreed with the banks on certain conditions, including the limitation of dividends to be distributed in the coming period. With the merger between the SPVs and the acquired companies (completed within less than one year of the acquisition, in accordance with the terms of the loan agreements), these liabilities and conditions were taken over by the directly productive companies that absorbed the SPVs.

- **Financial incomes** comprise the interests corresponding to the received loans.
- The significant values from **operational expenses** include:
 - a) **Salary expenses & payment of the members of the Board of Directors generated including by the development of a performant management team on the Romanian industry** – In 2023 the management team (including 7 members at the budget time) was supplemented to cover the main fields of activity for the holding's companies. The team is directly involved in the development and implementation of the growth strategies within the companies belonging to ROCA Industry. The Board of Directors will continue to include 5 members.
 - b) **Investor Relations (IR) costs, including to increase transparency and implementation of best practice principles in investor communications** – These costs are to be allocated both for the performance of the holding company's legal obligations (in relation to shareholders and capital market regulators) and for the organisation of specific investor events (conferences, meetings, Investors Day).
 - c) **Marketing and PR expenses for significant business marketing investments** - The holding's marketing activities are directed towards understanding and maintaining a solid knowledge base about each industry, market, its evolution and the main players; to build positioning and communication of the Holding's evolution; to generate new business contacts and to establish strategic partnerships that subsequently involve the group companies. Given the public nature of the company, beyond the reporting required by governance, maintaining transparency and ongoing communication with the broad groups of retail investors contributes to an understanding of the company's performance and stable share price behaviour.
 - d) **ESG expenses for significant investments in the sustainability pillar** - Ever since the creation of Roca Industry, the management team has been committed to developing a sustainable business model. We maintain the same objective in 2024 by implementing a set of actions and objectives based on the data provided by the holding companies.

CONSOLIDATED REVENUE AND EXPENSE BUDGET FOR 2024

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

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

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

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

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

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

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

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

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

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different accounting regulations from those underlying the preparation of the consolidated indicators in the table above.

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

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

Budgeted level	Evolor	BICO Group	EED	Dial	ELP	Workshop	Total cumulated
CAPEX 2024	8,591,759	22,098,384	2,050,075	8,980,676	3,257,073	1,377,479	46,355,446

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

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

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

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

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

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

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

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

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

Companies (% consolidation)	2023		2022	
BICO	70% (Jan-Jul)	60% (Aug-Dec)		70%
Terra	70% (Jan-Jul)	60% (Aug-Dec)		70% (since Apr)
Europlas	35% (Jan-Aug)	33% (Aug-Sept)	60% (Oct-Dec)	35% (since Nov)
Iranga	70% (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

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Finance No. 1802/2014 as amended, different accounting regulations from those on which the preparation of the preliminary financial statements for 2023 was based. Thus, the figures presented in the previous reports are not comparable with the information presented in this report, as the recognition principles under International Financial Reporting Standards give rise to differences in the recognition and interpretation of financial information.

CONSOLIDATED P&L ANALYSIS

	31-Dec-22	31-Dec-23
	(audited)	(audited)
Revenue	261,461,493	425,863,799
Other operating income	1,780,230	1,392,430
Changes in inventories of finished goods and work in progress	20,559,085	(15,147,488)
Raw materials, consumables used and merchandise costs	(193,721,409)	(270,521,860)
Depreciation and amortisation	(13,352,454)	(22,918,628)
Employee benefit expenses	(38,537,962)	(68,188,370)
Advertising costs	(1,449,810)	(7,654,757)
Impairment of goodwill	(9,855,137)	-
Expenses with rendered services and utilities	(27,401,797)	(41,593,451)
Other gains/(losses) – net	(1,264,827)	(3,558,212)
Loss on derecognition of associate	-	(705,018)
Loss on liquidated entity	-	(17,047)
Operating profit / (loss)	(1,782,588)	(3,048,562)
Finance income	37,402	699,530
Finance costs	(8,144,043)	(18,446,653)
Net finance costs	(8,106,641)	(17,747,123)
Share of net profit of associates accounted for using the equity method	(49,715)	(206,065)
Profit / (Loss) before income tax	(9,938,944)	(21,001,750)
Income tax expense	(39,069)	(128,838)
Profit / (Loss) for the period from continuing operations	(9,978,013)	(21,130,588)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(183,625)	887,098
Revaluation of property, plant and equipment	2,795,504	18,305,263
Tax related to property, plant and equipment	(447,281)	(2,926,767)
Other comprehensive income for the period, net of tax	2,164,598	16,265,594
Total global result	(7,813,415)	(4,864,994)

Profit / (Loss) is attributable to:

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	<u>31-Dec-22</u>	<u>31-Dec-23</u>
	<u>(audited)</u>	<u>(audited)</u>
Owners of the Company	(10,867,424)	(19,394,198)
Non-controlling interests	889,411	(1,736,390)
	(9,978,013)	(21,130,588)
Total comprehensive income for the period is attributable to:		
Owners of the Company	(8,647,738)	(4,757,864)
Non-controlling interests	834,323	(107,130)
	(7,813,415)	(4,864,994)
Earnings per share		
Basic and diluted earnings per share (RON)	(0.61)	(1.10)

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

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

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

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

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

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

during 2022 at a high raw material purchase price, the companies in the BICO Group slowed down the production process in their destocking process started in October 2022.

Operating expenses

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

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

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

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

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

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

During 2023 the productive companies (considering within the BICO Group also Terra, Iranga and Europlas) achieved EBITDA margins between 3.5% (EED) and 15.4% (EVOLOR). The year 2023 was characterised by higher sales in some segments, but with pressure on applied trade margins. At the same time, through the implementation of the operational

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development strategy involving both growth through CAPEX investments and M&A operations to ensure a solid foundation, in an economic context that will not be free of challenges and influences beyond the Group's control.

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

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

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

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

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

CONSOLIDATED P&L ANALYSIS

	<u>31-Dec-22</u>	<u>31-Dec-23</u>
	<u>(audited)</u>	<u>(audited)</u>
ASSETS		
Non-current assets		
Goodwill	69,706,149	84,923,483
Other intangible assets	95,242,919	110,840,590
Property, plant and equipment	130,462,278	206,439,728
Right-of-use assets	6,629,426	14,654,827
Investment in associates	1,070,610	-
Other non-current assets	41,208	34,800
Total non-current assets	<u>303,152,590</u>	<u>416,893,428</u>

2023 DIRECTORS' REPORT

	31-Dec-22	31-Dec-23
	<i>(audited)</i>	<i>(audited)</i>
Current assets		
Inventories	101,026,476	89,411,631
Trade receivables	22,279,728	75,517,971
Other current assets	4,982,756	4,157,089
Prepayments	127,400	1,291,575
Restricted cash	494,740	-
Cash and cash equivalents	42,434,560	38,501,727
Total current assets	171,345,660	208,879,993
TOTAL ASSETS	474,498,250	625,773,421
EQUITY and LIABILITIES		
Capital and reserves		
Share capital	176,945,730	176,945,730
Share premium	38	38
Transaction costs on issuance of shares	-	-
Revaluation reserve	2,348,223	16,452,299
Conversion reserves	(128,537)	403,721
Retained earnings	(18,246,667)	(32,782,295)
Total equity	160,918,787	161,019,493
Non-controlling interests	17,732,186	22,579,427
Total equity	178,650,973	183,598,920
Non-current liabilities		
Borrowings	133,469,839	158,599,061
Leasing liabilities	3,498,080	8,577,857
Governmental grants	4,586,442	2,699,312
Deferred tax liabilities	16,754,947	20,159,077
Total non-current liabilities	158,309,308	190,035,307
Current Liabilities		
Borrowings	66,807,063	109,550,643
Lease liability	1,802,308	2,902,105
Liabilities related to acquisition of subsidiaries	30,057,910	68,758,901
Trade and other payables	32,761,647	62,051,101
Employee benefits - current	3,471,202	5,582,265
Current tax liabilities	1,641,832	804,398
Governmental grants	996,007	2,489,781
Total current liabilities	137,537,969	252,139,194
Total liabilities	295,847,277	442,174,501
TOTAL EQUITY AND LIABILITIES	478,498,250	625,773,421

2023 DIRECTORS' REPORT

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

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

Non-current assets

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

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

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

Current assets

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

2023 DIRECTORS' REPORT

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

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

Equity and liabilities

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

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

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

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

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

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

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

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

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

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

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

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

CONSOLIDATED CASH-FLOW ANALYSIS

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

Cash Flows from Operating Activities

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

Net Cash Flows Used in Investing Activities

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

Net Cash Flow from Financing Activities

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

ANALYSIS OF STANDALONE FINANCIAL RESULTS

P&L ANALYSIS

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

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

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

The **operating expenses** in 2023 (RON 3.5 mn versus RON 15.9 mn in 2022), are mainly composed of operating costs of the holding (personnel expenses, but also expenses related to portfolio company management activities). The increase in staff and other operating expenses compared to 2022 stems from the expansion of the holding company team, but also from new acquisitions of companies with an impact on the cost of managing their

2023 DIRECTORS' REPORT

business, as well as expenses for audit, ESG reporting and investor events. In terms of expenses, the periods analysed are not comparable given the unique and specific events related to each year, as follows:

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

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

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

BALANCE SHEET ANALYSIS

	31-Dec-22	31-Dec-23
	<i>(auditat)</i>	<i>(auditat)</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	151,292,631
Deferred tax assets	396	769
Total non-current assets	90,821,846	151,714,213
Current assets		
Other current financial assets	80,474,275	86,440,767
Prepayments	34,333	71,185
Cash and cash equivalents	2,034,347	620,198
Total current assets	82,542,955	87,132,150
TOTAL ASSETS	173,364,801	238,846,363
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	176,945,730	176,945,730
Share premium	38	38
Transaction costs on issuance of shares	-	-
Retained earnings	(11,689,077)	(8,608,064)
Total equity attributable to owners of the Company	165,256,691	168,337,704
Total equity	165,256,691	168,337,704
Non-current liabilities		
Borrowings	-	-
Lease liability	584,499	243,602
Deferred tax liabilities	-	-
Government grants	1,402	1,402
Total non-current liabilities	585,901	245,004
Current liabilities		
Trade and other payables	1,999,488	57,958,008
Current tax liabilities	11,172	(120,337)
Lease liability	319,467	153,606
Government grants	1,086	-
Borrowings	4,947,400	11,944,120
Employee benefits - current	243,596	328,258
Total current liabilities	7,522,209	70,263,655
Total liabilities	8,108,110	70,508,659
TOTAL EQUITY AND LIABILITIES	173,364,801	238,846,363

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At the end of 2023, **total assets** at the individual level were 37.8% above the level at 31 December 2022, reaching RON 238.8 mn. Of these, **non-current assets**, totalling RON 151.7 mn, accounted for 63.5%. Non-current assets consist almost entirely of **financial assets**, i.e. the shares held by ROCA Industry in its subsidiaries. In total amount of RON 151.3 mn, the increase of 68.3% compared to FY 2022 was generated as a result of the registration of the Company's stake in Electroplast (following the transaction that took place at the end of June), of the partial reversal of the value adjustment of the BICO shareholding (reversal of RON 3.7 mn of the total adjustment of RON 12.4 mn recorded at the end of 2022, based on the valuation carried out by an ANEVAR authorized appraiser) and of the increase in the share capital of EED and the conversion of certain receivables held by the Company in relation to DIAL. The latter two issues having been approved at the GMS of 20 December 2023.

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

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

Current assets

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

2023 DIRECTORS' REPORT

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

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

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

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

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

Following the merger with Nativerock, Dial took over a loan in the amount of RON 24 mn. Subsequently, in the GMS dated 20.12.2023, the shareholders decided to convert the amount of RON 7 mn by increasing the share capital, resulting at the end of the year in a loan in the amount of RON 17 mn. The loan of RON 6 mn was granted in order to guarantee

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the obligations assumed under the credit facility contracted by Nativerock1 for the acquisition of shares of Dial in 2022.

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

Equity and liabilities

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

The shareholders' structure is the following:

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

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

2023 DIRECTORS' REPORT

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

CASH FLOW ANALYSIS

	2022	2023
Cash flows from operating activities	(5,124,754)	(7,189,445)
Interest paid	-	(46,387)
Dividends cashed-in	-	4,542,636
Income taxes paid	(22,734)	(131,509)
Net cash outflow from operating activities	(5,147,488)	(2,824,705)
Net cash (outflow) from investing activities	(30,741,216)	(4,182,544)
Net cash (outflow) from financing activities	(36,468,282)	5,593,100
Net decrease in cash and cash equivalents	(72,356,986)	(1,414,149)
Cash and cash equivalents at the beginning of the financial year	74,391,333	2,034,347
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of year	2,034,347	620,198

Net Cash Outflow from Operating Activities

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

Net Cash Outflow from Investing Activities

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

Net Cash Flow from Financing Activities

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

RISKS

FINANCIAL RISKS

Liquidity risk

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

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

Interest rate and sources of financing risk

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

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

Currency risk

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

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

OTHER BUSINESS RISKS

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

The risk associated with the business development plan

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

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

Risk regarding the evolution of the construction materials market

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

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

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

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

The risk associated with the relationship with large retail customers

One of the main sales channels for the activities carried out by ROCA Industry through its Subsidiaries is represented by the big chains of do-it-yourself retail stores (such as Dedeman or Leroy Merlin). A possible change in the contractual conditions or requirements

of these customers could affect the operational activity, as well as the results and financial position of the Company.

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

Risk associated with development in foreign markets

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

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

The risk of investing in other companies

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

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

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

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

There is no guarantee that the Group will successfully acquire new assets or that it will gain any of the benefits it anticipates as a result of these future acquisitions. If it makes acquisitions but does not acquire these benefits, these circumstances could have a material

adverse effect on the Group's business, prospects, results of operations and financial condition.

Business risk

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

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

Environmental impact

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

CORPORATE GOVERNANCE PRINCIPLES

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

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
SECTION A – RESPONSIBILITIES			
A	The role of the Board of Directors in a one-tier board system should be clearly defined and documented in the company's articles of association, internal regulations and/ or other similar documents. The Board should ensure that company's articles of association, the resolutions of the general meeting of shareholders, and the internal regulations of the company include a clear distinction of powers and competencies between the general meeting of shareholders, the Board, and the executive management.	YES	The articles of association uploaded on the company's website includes the competencies of the Board of Directors, GMS, and executive management. BoD's Internal Regulation posted on the company's website also includes information about the BoD's role.
	The Board should ensure that a formal, rigorous, and transparent procedure is put into place regarding the appointment of new members to the Board.	YES	Both in the BoD Internal Regulation and in the articles of association information about the appointment of the new members of the Board are included.
	There should be a clear distinction of responsibilities among the Board and executive management.	YES	The company's articles of association include the competencies of the Board of Directors, GMS, and executive management. BoD's Internal Regulation posted on the company's website also includes information about the BoD's role. The section Corporate Governance of this Directors' Report the role of each manager is described (e.g., financial, marketing, commercial, operational)
	The Board and its committees should have the appropriate balance of skills, experience, gender diversity, knowledge, and independence to enable them to effectively perform their respective duties and responsibilities.	NO	In terms of gender diversity of the members of the Board of Directors, the BoD solely consists of male members. In addition, the Company will conduct an analysis on the balance between the competence, experience, and knowledge of the members of the BoD and the committees.

2023 DIRECTORS' REPORT

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
	It is recommended for most non-executive members of the Board of Directors or Supervisory Board to be independent.	NO	The BoD consists of 5 members, of which one is independent.
	All members of the Board should be able to allocate sufficient time to the company to discharge their responsibilities effectively	YES	We consider that the BoD members can allocate sufficient time to the company to discharge their responsibilities effectively, as they timely addressed all requests and participated in at least 33 out of the 36 BoD meetings during 2023. The company will introduce in the Board of Directors Regulation provisions for conducting such an evaluation.
	The Board should ensure that it is appropriately informed to enable it to discharge its duties.	YES	
	Board members must strictly observe the secrecy of the proceedings, debates and decisions taken, unless otherwise decided by the Board or unless regulations in force require the appropriate disclosure.	YES	Both the articles of association and the BoD Regulation comprise provisions regarding keeping the confidentiality of information about ROCA Industry.
A1.	All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	DA	<p>The Board regulation includes the terms of reference/ responsibilities for Board. Also, the Articles of Incorporation of the Company set forth the responsibilities of the Board and CEO.</p> <p>In February 2024, along with the establishment of the two advisory committees of the Board (the Audit and Risk Committee and the Nomination and Remuneration Committee), the regulations of the two committees were approved by the Board.</p> <p>All these documents are on the company's website, at the link Corporate Governance ROCA Industry</p>
A2.	Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-	PARTIAL	General provisions on management of conflict of interest are included in the Regulation of the Board. Also, the Risk and Audit Committee is also responsible for assessing any conflict of interest.

2023 DIRECTORS' REPORT

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
	<p>quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.</p>		<p>Additional information is available on the company's website, at the link Corporate Governance ROCA Industry</p> <p>A policy will be developed during 2024 which will include more detailed provisions on the identification and management of conflicts of interest.</p>
A3.	<p>The Board of Directors or the Supervisory Board should have at least five members</p>	<p>YES</p>	<p>The Company's Board of Directors is composed of five members.</p>
A4.	<p>The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria. A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years. A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years. A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director. A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it. A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity. A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the</p>	<p>YES</p>	<p>ROCA Industry Board of Directors is composed of 5 members, of which 4 are non-executive officers.</p> <p>Also, one of the BoD members is independent. A declaration in accordance with Law 31 was submitted by Mr. Vasile Sandu, independent member of the ROCA Industry Board of Directors on November 16, 2022 and was completed with the provision of point A.4.4. on March 22, 2024.</p>

2023 DIRECTORS' REPORT

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
	current external financial or internal auditor of the company or a company controlled by it. A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director. A.4.8. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director. A.4.9. Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.		
A5.	A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	YES	The professional biographies of the existing BoD members are available on the Company's website, at the link Board of Directors ROCA Industry . The directors' report also contains a section regarding the BoD members that includes information about the companies that each BoD member holds, controls or administers.
A6.	Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	YES	This provision is included in the Board Regulation available on the Company's website at the link Corporate Governance ROCA Industry
A7.	The company should appoint a Board secretary responsible for supporting the work of the Board	YES	The company has appointed a Secretary General, who is directly subordinate to the Board of Directors, as set out in the Board Rules available on the Company's website at the link Corporate Governance ROCA Industry
A8.	The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	NO	The company is in the process of preparing a policy regarding the evaluation of the Board, and will contain the purpose, criteria and frequency of the evaluation process. Also, at the end of 2024, the Board of Directors will initiate the process of evaluation of its activity, in compliance with the provisions of this policy, the results of the evaluation will be published in the directors' report for the year 2024.

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CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
A9.	The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities	YES	Details about how this provision is applied are presented in the Directors' Report in the chapter regarding Corporate Governance. The advisory committees were set up in February 2024, information about their activity will be presented in the Directors' Report for the year 2024.
A10.	The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board	YES	One of the five BoD members is independent, which aspect is mentioned in the Directors' report, in the chapter regarding Corporate Governance.
SECTION B – RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM			
B.	The company should have in place an efficient risk management and internal control system. The Board should determine the principles of and approaches to the risk management and internal control system in the company.	PARTIAL	The company's risk management policies and procedures are exclusively aimed at managing the risks related to the prevention and combating of money laundering and the financing of terrorism associated with customers, products and services, transactions, distribution channels and countries/geographies. The company is in the process of defining and implementing governance related to internal control activities
	The company should arrange for internal audits to independently evaluate, on a regular basis, the reliability and efficiency of the risk management and internal control system and the corporate governance practices	YES	The Audit and Risk Committee Regulation (established in February 2024) provides that it will monitor and evaluate the operation and effectiveness of the Company's internal audit function. The company also has in force a policy on preventing and combating money laundering and terrorist financing. The internal audit function is outsourced.
	The Board of Directors should set up an independent audit committee capable of ensuring the integrity of financial reporting and of the internal control system, including the internal and external audit processes.	NO	According to BSE CGC this provision is complied with. However, under Law 162, most of the Audit and Risk Committee members should be independent.

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CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
	The company will ensure that all related party transactions are considered on their merits in a manner that ensures independence and the protection of the interests of the company, compliant with the restrictions set out in related legislation and fairly disclosed to shareholders and potential investors. The definition of related parties follows that of International Accounting Standard 24.	YES	The company has implemented a policy regarding related party transactions.
B1.	The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience.	YES	The Audit and Risk Committee was established in February 2024. It consists of 3 members, two of whom are non-executive directors with financial and management experience. The third member was elected by the GMS in January 2024 and has proven and appropriate audit or accounting experience. This provision has been reviewed, which was also revealed in the minutes of the February 2024 BoD when the members of the BoD determined the composition of the Audit and Risk Committee. Mr. Rudolf Vizental has more than 20 years of experience in investments, management of companies in financial difficulties and in the area of bank financing, while Mr. Vasile Sandu is the founder and CEO of Proinvest Group SRL, a company specialized in the development, production and marketing of metal components and metal construction systems with more than 20 years of experience on the Romanian market.
B2.	The audit committee should be chaired by an independent non-executive member.	YES	The audit and risk committee chairman is Mr. Vasile Sandu, an independent non-executive member.
B3.	Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	NO	The regulation of the audit and risk committee provides that it will undertake a periodical assessment of the system of internal control. As the committee was set up during

2023 DIRECTORS' REPORT

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
			2024, the evaluation will be carried out in 2025 for 2024.
B4.	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board	NO	The regulation of the audit and risk committee includes a provision referring to periodic assessment of internal control system and this will be further clarified. As the committee was set up during 2024, the evaluation will be carried out in 2025 for 2024.
B5.	The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties	YES	The regulation of the audit and risk committee (established in February 2024) includes this provision, and the committee will undertake this evaluation.
B6.	The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES	The regulation of the audit and risk committee (established in February 2024) includes this provision, and the committee will undertake this evaluation.
B7.	The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES	The regulation of the audit and risk committee (established in February 2024) includes this provision, and the committee will undertake this evaluation.
B8.	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES	The audit and risk committee (established in February 2024) will report cyclically to the Board of Directors.
B9.	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	NO	These provisions are adhered to but are not specifically mentioned in the Related Party Transactions Policy. This will be updated to include specific provisions in this regard.
B10.	The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	YES	These provisions are also included in the Policy on Related Party Transactions which was approved by the BoD on 20 December 2022 and provides for the following: "Any significant related party transaction that does not exceed, individually or cumulatively, during a financial year, 20% of total non-current assets less receivables (based on the most recent individual

2023 DIRECTORS' REPORT

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
			financial report at the time of the transaction), shall be approved by the Board of Directors of Roca Industry so as to ensure that no related party will be able to take advantage of its position and to provide adequate protection of the interests of Roca Industry and non related party shareholders, including minority shareholders. The related party in question will not participate in approving or voting on the material transaction involving such related party."
B11.	The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity	YES	The company has entered into an internal audit contract with an independent third entity.
B12.	To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer	PARTIAL	The company has an internal audit contract with an independent third party. The Audit and Risk Committee (established in February 2024) consists of 3 members, one of whom is independent, one of whom is a non-independent member, and one of whom is competent in the field of statutory accounting and auditing, but has a contractual employment relationship with an entity in the Group of which ROCA Industry is a part, so that the organisational independence and individual objectivity of the internal audit activity may be questioned in fact or in appearance.
SECTION C – FAIR REWARDS AND MOTIVATION			
C.	The level of remuneration should be sufficient to attract, retain and motivate skilful and experienced people as members of the Board and the management. The Board should ensure transparency related to remuneration matters. The shareholders should be provided with relevant information to understand the principles applied by the company regarding the remuneration policy, which is based on fair rewards and motivation for	NO	Considering that until 11 March 2024 the Company was listed on AeRO premium market, this provision did not apply. The approval of the remuneration policy prepared and approved in accordance with this provision and Law 24/2017 is on the agenda of the annual OGMS of the Company.

2023 DIRECTORS' REPORT

CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
	Board members, and for the CEO or Management Board.		
	A company should have a remuneration policy and rules defining that policy. It should determine the form, structure, and level of remuneration of members of the Board, the CEO and when applicable, members of the Management Board.	NO	Considering that until 11 March 2024, the Company was listed on AeRO premium market, this provision did not apply. The approval of the remuneration policy prepared and approved in accordance with this provision and Law 24/2017 is on the agenda of the annual OGMS of the Company.
C1.	The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	NO	Considering that until 11 March 2024 the Company was listed on AeRO premium market, this provision did not apply. The approval of the remuneration policy prepared and approved in accordance with this provision and Law 24/2017 is on the agenda of the annual OGMS of the Company. The Remuneration Report will be prepared based on the Remuneration Policy and will be presented at the 2025 Annual OGMS.

SECTION D – BUILDING VALUE THROUGH INVESTORS' RELATIONS

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CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
D	The company should disseminate the most important information both in Romanian and English, to enable Romanian and foreign investors to have access to the same information at the same time.	PARTIAL	Some information is only available in Romanian, the company is in process of updating the English version of the website.
	A company should do its best to enable its shareholders to participate in general meetings, aiming at using electronic communication means through (a) live broadcast of general meetings and/or (b) live bilateral communication where shareholders may express themselves during a general meeting from a location other than that of the general meeting, as long as this is in line with legislation regarding data processing.	YES	Any shareholder may physically attend the Company's general meetings. The Company also offers shareholders the possibility to participate and vote in the GMS using electronic means, details on how to participate are included in the GMS notices.
	A company should aim to provide for an electronic voting system at general meetings, including remote electronic voting.	YES	The Company offers shareholders the opportunity to participate and vote in the AGM using electronic means, details of how to participate are included in the GMS notices.
D1.	The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures; D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions; D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports); D.1.4. Information related to general meetings of shareholders; D.1.5. Information on corporate events; D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request; D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	PARTIAL	ROCA Industry complies with all the rules regarding the IR function. The company has a dedicated section for the investors' relations at the link Investors ROCA Industry available both in English and in Romanian, and provides the investors with all aspects requested by this provision. The company is in the process of finalising the following issues to ensure full compliance with this provision, namely the procedure for general meetings of shareholders and the translation of certain documents that are only available in Romanian.
D2.	A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow	YES	The dividend policy of the company is available on the company's website, at the link

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CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
	regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website		Corporate Governance ROCA Industry.
D3.	A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.	YES	ROCA Industry policy on forecasts is available on the company's website, at the link Corporate Governance ROCA Industry.
D4.	The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	YES	The rules laying down the framework for the organisation and conduct of general meetings of shareholders are contained in the Policy regarding Organisation and Conducting of General Shareholders Meetings of ROCA Industry, available, beginning with 20 March 2024 on the company's website, at the link Corporate Governance ROCA Industry. Additionally, the rules are also mentioned in each convening notice published according to the legal requirements. Furthermore, in order to facilitate participation of all shareholders in the SGM meetings, including remotely, ROCA Industry has implemented since the incorporation an online voting and participation system.
D5.	The external auditors should attend the shareholders' meetings when their reports are presented there.	YES	ROCA Industry invites the auditor to every annual OGMS meeting at which their reports are presented to the investors.
D6.	The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	PARTIAL	This provision was not applicable to the company in the period in which it was listed on BVB's AeRO market. In the Directors' Report, the chapter on Risks presents financial and

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CODE	PROVISIONS TO BE COMPLIED WITH	COMPLIES YES/NO/PARTIAL	EXPLANATIONS
			other business risks and the Group's approach to their management, without mentioning significant risk management systems. Starting with the Directors' Report for 2024, presented to the annual AGM, it will contain the AC's assessment of the internal control and significant risk management systems.
D7.	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	NO	This provision is complied with and is also included in the GMS notices.
D8.	The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES	In each financial report, the Company explains the factors that determine fluctuations of financial indicators.
D9.	A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	PARTIAL	This provision is complied with. In the period in which ROCA Industry was listed on BVB's AeRO market, management has organised half-yearly conferences. The financial calendar for 2024 comprises quarterly conferences with the investors. Details about them and the support materials are published on the company website.
D10.	If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	N/A	The company does not carry out activities in this respect..

DECLARATION OF THE MANAGEMENT

Bucharest, 28 March 2024

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

Ioan Adrian Bindea

Chairman of the Board of Directors