CEMACON SA

CONSOLIDATED FINANCIAL STATEMENTS

Submitted in accordance with

Order of the Minister of Public Finance

No 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards,

TO AND FOR THE YEAR ENDED

31 DECEMBER 2023

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	Note	Financial year ending 31 December 2023	Financial year ending 31 December 2022
			Restated*
Income from sales	***4***	**185.433.724**	**221.435.406**
Sales revenues			
Other operating income	***5***	21.237.035	11.489.841
Other gains and losses	**6**	-5.957.195	348.255
Change in inventories of FG & WiP		10.086.005	10.962.415
Raw materials and consumables	***15***	-32.848.859	-40.303.581
Personnel Expenses	***8***	-48.053.921	-38.846.840
Depreciation and amortisation expenses		-22.719.907	-14.488.179
Other operating expenses	***7***	-84.003.419	-76.123.732
Profit from operation		**23.173.464**	**74.473.585**
Financial income	***9***	6.498.958	5.080.371
Financial expenses	***9***	-4.678.461	-1.590.951
Financial result		**1.820.497**	**3.489.420**
Share of profit of associated entities			
Income from associates			
Profit before tax		**25.080.383**	**77.963.005**
Tax benefits/(expenses)*	***10***	1.079.820	-6.313.031
Profit from continuing operations		**26.160.203**	**71.649.972**
Profit from discontinued operations, net of tax		-	-
Income tax expenses			
Net profit		**26.160.203**	**71.649.972**

	Note	**Financial year ending 31 December 2023**	**Financial year ending 31 December 2022**
Other comprehensive income items that cannot be reclassified to the income statement			
Other comprehensive income			
Total other comprehensive income		**13.225.786**	**-95.048**
Total overall result		**39.385.989**	**71.554.923**
Total comprehensive income			
Restated* See Note 34 Accounting presentation errors			

These financial statements were signed and approved on March 29, 2024 by:

General Director

Sologon Daniel

Signature ______________

Financial Director

Cojocaru-Lungu Bogdan

Signature ___________

CEMACON SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ON 31 DECEMBER 2023
(all amounts are in RON, unless otherwise specified)

	Notes	Balance at 31 December 2023	Balance at 31 December 2022	Balance on 1 January 2022
			Restated*	**Restated***
ASSETS				
Non-current assets				
Property, plant and equipment	***13***	367.435.054	203.699.307	156.211.126
Investment property	***15***	8.885.960	8.885.960	8.885.960
Intangible	***14***	18.463.910	1.131.377	1.555.775
Goodwill	***16***	4.865.558	-	-
Right of use of leased assets	***32***	15.607.366	17.026.366	18.496.865
Investments	***17***	1.000	1.000	1.000
Other non-current assets		822.662	554.017	411.127
TOTAL *Non-current* assets		**416.081.510**	**231.298.027**	**185.561.853**
Current assets				
Inventories	***19***	37.406.837	22.579.885	13.075.235
Trade and other receivables	***20***	39.407.393	50.248.650	17.064.942
Other assets	***18***	27.335.449	16.612.591	11.330.612
Cash and cash equivalents	***21***	88.044.885	133.909.885	84.223.350
TOTAL Current assets		**192.194.564**	**223.351.011**	**125.694.139**
TOTAL ASSETS		**608.276.073**	**454.649.038**	**311.255.992**
CURRENT LIABILITIES				
Trade and other payables	***22***	51.764.048	47.212.962	35.223.686
Other liabilities	***25***	71.794	-	-
Loans and borrowings	***25***	12.685.230	-	-
Obligations under leases	***32***	2.319.811	2.546.188	2.733.143
Grants received	***29***	3.460.812	766.040	621.092
				-
*Tax liability**	***9, 34***	2.499.091	2.499.091	3.266.618
Provisions	***28***	12.196.018	10.045.567	11.096.948
TOTAL CURRENT LIABILITIES		**84.996.805**	**63.069.848**	**52.941.487**

	Notes	**Balance at 31 December 2023**	**Balance at 31 December 2022**	**Balance on 1 January 2022**
			Restated*	**Restated***
NON-CURRENT LIABILITIES				
Non-current trade and other liabilities	***22***	-	-	-
Other liabilities	***25***	6.357.251	-	-
Loans	***25***	69.768.765	-	-
Obligations under leases	***32***	5.547.838	7.492.682	9.588.752
Grants received	***29***	16.175.142	6.735.832	6.885.531
*Deferred tax**	***10***	18.807.092	3.004.628	3.756.047
Provisions	***28***	2.877.336	2.848.866	2.780.548
TOTAL LONG-TERM DEBT		**119.533.424**	**20.082.008**	**23.010.878**
TOTAL LIABILITIES		**204.530.227**	**83.151.856**	**75.952.365**
NET ASSETS		**403.745.844**	**371.497.182**	**235.303.627**
CAPITAL AND RESERVES (EQUITY)				
Issued capital	***30***	102.745.391	102.745.391	59.779.702
*Deferred Tax**	***9***	-5.211.899	-3.508.324	-3.603.372
Share premium	***30***	21.735.848	21.735.848	253.004
Reserves	***31***	140.606.602	97.996.664	74.475.423
*Retained earnings**		143.869.903	152.527.603	104.398.871
TOTAL EQUITY		**403.745.844**	**371.497.182**	**235.303.628**
Restated* See Note 34 Accounting presentation errors				

These financial statements were signed and approved on March 29, 2024 by:

General Director **Financial Director**

Sologon Daniel **Cojocaru-Lungu Bogdan**

Signature ______________ **Signature ___________**

DIRECT METHOD	Financial year closed on 31-Dec-23	Financial year closed on 31-Dec-22
Flows from operating activities		
Collections from customers	236.410.376	251.585.867
Payments to suppliers	-134.376.352	-123.734.501
Payments to employees	-33.361.038	-26.213.071
Pay taxes and duties	-21.349.776	-33.673.033
Income tax paid	-1.177.460	-12.823.463
Insurance receipts	61.891	-
Insurance payments	-1.131.822	-678.693
Interest paid	-2.284.394	-
Other receipts-subsidies	21.514	103.434
Short-term lease payments and low-value assets	*-546.618*	*-114.716*
Net cash from operating activities	**42.266.321**	**54.451.824**
Cash flows from investing activities		
Payments for acquisition of subsidiaries (see Note 3)	-107.078.005	-
Payments for the purchase of tangible fixed assets	-59.289.505	-70.557.316
Proceeds from the sale of tangible fixed assets	415.561	377.520
Interest received	4.912.360	4.060.528
Other investment grants	11.429.781	596.478
Net cash used in investing activities	**-149.609.808**	**-65.522.790**
Cash flows from financing activities		
Proceeds from capital contribution	-	64.448.533
Receipts from loans	88.511.010	-
Loans to related parties	-17.565.503	-
Payment of capital lease liabilities	-2.831.431	-3.547.974
Payment of finance-lease debts	-472.183	-238.231
Loan repayments	-6.324.829	-
Guaranteed payment	-91.069	-
Net cash from financing activities	**61.225.995**	**60.662.328**
Effect of exchange rate differences	**252.492**	**95.172**
Net increase/(decrease) in cash	***-45.865.000***	***49.686.534***
Cash and cash equivalents at beginning of period	***133.909.885***	**84.223.350**
Cash and cash equivalents at end of period	**88.044.885**	**133.909.885**

These financial statements were signed and approved on March 29, 2024 by:

General Director | **Financial Director**

Sologon Daniel | **Cojocaru-Lungu Bogdan**

Signature ______________ | **Signature** ______________

CEMACON SA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023
(all amounts are in RON, unless otherwise specified)

	Subscribed capital and adjustments	Share premium	Revaluation reserves	Legal reserves	Other reserves	Undistributed result	Other equity items	Total
31/12/2021 *Initial	59.779.703	253.004	31.455.172	9.430.921	33.589.330	106.689.799	-3.603.372	**237.594.556**
Correction of accounting errors*	-	-	-	-	-	-2.290.928	-	-2.290.928
31/12/2021 *Restated	59.779.703	253.004	31.455.172	9.430.921	33.589.330	104.398.871	-3.603.372	235.303.629
Current overall result	-	-	-	-	-	71.649.972	-	71.649.972
Share capital increase	42.965.689	-	-	-	-		-	42.965.689
Increase in share premium	-	21.482.844	-	-	-	-	-	21.482.844
Constitution of legal reserve	-	-	-	3.930.969	-	-3.930.969	-	-
Other reserves	-	-	-		19.590.272	-19.590.272	-	-
Diff. deferred taxes	-	-	-	-	-	-	95.048	95.048
31/12/2022 *Restated	**102.745.392**	**21.735.848**	**31.455.172**	**13.361.890**	**53.179.602**	**152.527.603**	**-3.508.324**	**371.497.183**

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General Director **Financial Director**

Sologon Daniel **Cojocaru-Lungu Bogdan**

Signature ______________ **Signature ______________**

	Subscribed capital and adjustments	Share premium	Revaluation reserves	Legal reserves	Other reserves	Undistributed result	Other equity items	Total
31/12/2022 *Restated	**102.745.392**	**21.735.848**	**31.455.172**	**13.361.890**	**53.179.602**	**152.527.603**	**-3.508.324**	**371.497.183**
Current overall result	-	-	-	-	-	26.160.203	-	26.160.203
Revaluation reserves (1)	-	-	11.522.211	-	-	-	-	11.522.211
Legal reserves	-	-	-	1.554.386	-	-1.554.386	-	-
Other reserves	-	-	-	-	29.533.341	-29.533.341	-	-
Capitalised deferred tax differences	-	-	-	-	-	-	-1.703.575	-1.703.575
Purchase price allocation adjustments (2)	-	-	-	-	-	-3.730.176	-	-3.730.176
31-Dec-23	**102.745.391**	**21.735.848**	**42.977.383**	**14.916.276**	**82.712.943**	**143.869.903**	**-5.211.899**	**403.745.844**

Restated* See Note 34 - Presentation accounting errors

(1) Revaluation reserves were reflected as a result of the revaluation of Euro Caramida's assets at the end of the year ended 31.12.2023.

(2) This difference represents the difference between the adjusted asset values resulting from the PPA report performed at the acquisition date and the resulting values at the acquisition date and the date of the IFRS adjusted financial statements.

These financial statements were signed and approved on March 29, 2024 by:

General Director | **Financial Director**

Sologon Daniel | **Cojocaru-Lungu Bogdan**

Signature ______________ | **Signature** ______________

INFORMATION ON THE PRESENTATION OF THE GROUP:

Cemacon SA ("the Parent Company" or "the Company") is a Romanian legal entity, established as a joint-stock company on the basis of GD no.1200/1991 with registered office in Cluj-Napoca, Calea Turzii Street, no.178k, Hexagon Offices building, 1st floor, Cluj Napoca County. Cluj, ROMANIA. The company's main activity is "Manufacture of bricks, tiles and other construction products from fired clay".

In 2023 CEMACON SA acquired 100% of the share capital of EURO CARAMIDA S.A.., a ceramic blocks factory, having its main activity according to CAEN code 2332. The entity is located in Bihor county, Biharia commune, ROMANIA. The company, together with EURO CARAMIDA S.A., constitutes the Cemacon Group (or "the Group").

The acquisition was reported to the investing public through the current reports no. 6165/19.06.2023 and no.7416/27.07.2023 published on the website of the Bucharest Stock Exchange and on the website of CEMACON SA. As a result of the acquisition, EURO CARAMIDA S.A. became an affiliated part of CEMACON SA. The process of integrating the Biharia plant into the CEMACON Group is currently underway.

The Group prepares consolidated financial statements from 2023. They are available on the website www.cemacon.ro under the section "Shareholder Relations/Financial Statements".

The Group's consolidated financial statements are available on the Group's website www.cemacon.ro in the "Shareholder Relations/Financial Statements" section.

1. ACCOUNTING POLICIES

Basics of drafting

The principal accounting policies adopted in the preparation of the consolidated financial statements are listed below. The policies have been consistently applied for all years presented, unless otherwise stated.

The consolidated financial statements are presented in the national currency Lei, which is also the Group's functional currency.

Amounts are rounded to the nearest leu unless otherwise stated.

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and OMFP 2844/2016 applicable to publicly traded entities.

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates. The preparation of financial statements in conformity with OMF 2844/2016 requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported income and expenses for the period. Although these estimates are made by the Company's management based on the best information available at the date of the financial statements, actual results may differ from those estimates.

Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the current period and future periods, if the revision affects both the current period and future periods.

Estimates and reasoning are mainly used in:

- estimated goodwill impairment;
- revaluation of tangible fixed assets;
- determining and reviewing the useful life of certain intangible assets;
- leasing contracts;
- trade receivables.

These consolidated financial statements have been prepared on a going concern basis which assumes that the GROUP will continue in business for the foreseeable future. In order to assess the applicability of this presumption management analyses forecasts of future cash inflows. On the basis of these analyses, management believes that the Group will be able to continue in business for the foreseeable future and therefore the application of the going concern basis of accounting is justified.

ACCOUNTING POLICIES (continued)

Measurement base

The consolidated financial statements have been prepared on the historical cost basis, except for items measured at fair value at the date of acquisition of subsidiaries, land and buildings which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group considers the characteristics of the asset or liability if market participants would consider those characteristics in pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on that basis, except for lease transactions that are within the scope of IFRS 16 Leases and valuations that have some similarities to fair value but are not fair value, such as the net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

Basics of consolidation

The consolidated annual financial statements include the financial statements of Cemacon SA as well as those of its subsidiary Euro Caramida SA, as at 31 December 2023.

The financial statements of the controlled subsidiary have been prepared for the same reporting period as those of the parent company using the same accounting policies.

Control is achieved when the Group is exposed to or has rights to variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- ✓ Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- ✓ Exposure or rights to variable returns as a result of its involvement in the entity in which it has invested;
- ✓ The ability to use his power over the entity in which he has invested to influence its profitability,

In general, there is a presumption that a majority of voting rights determines control. To support this presumption and when the Group holds less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances to assess whether it has power over an investee, including:

- ✓ Contractual arrangement(s) with the other voting shareholders of the investee;
- ✓ Rights arising from other contractual arrangements;
- ✓ Voting rights and potential voting rights of the Group,

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary. The assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other comprehensive income is attributed to the equity holders of the group's parent and non-controlling interests, even if this results in a deficit balance of non-controlling interests. Where necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership of a subsidiary without loss of control is accounted for as an equity transaction.

ACCOUNTING POLICIES (continued)

When the Group loses control of a subsidiary, it derecognises the related assets (including goodwill), liabilities, minority interest and other components of equity and any resulting gain or loss is recognised in profit or loss. Any retained investment is recognised at fair value.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date, and the value of any non-controlling interest in the acquiree. For each business combination, the Group chooses whether to measure non-controlling interests in the acquiree at fair value or at the acquiree's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the set of activities and assets acquired includes a substantial input and process that together contribute significantly to the ability to create results. The acquired process is considered substantial if it is essential to the ability to continue to produce results and the acquired inputs include an organised workforce with the skills, knowledge or experience necessary to perform that process or if it contributes significantly to the ability to continue to produce results and is considered unique or rare or cannot be replaced without significant cost, effort or delay in the ability to continue to produce results.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and relevant conditions at the date of acquisition. This includes the separation of derivatives embedded in host contracts by the acquired entity.

Any contingent consideration to be transferred by the acquirer shall be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value and changes in fair value are recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration not within the scope of IFRS 9 is measured at fair value at each reporting date and changes in fair value are recognised in the income statement.

Goodwill is initially measured at cost (being the excess of the total consideration transferred over the amount recognised for minority interests and any previously held interests and the identifiable net assets acquired and liabilities assumed). If the fair value of the net assets acquired exceeds the total consideration transferred, the Group reassesses whether it has correctly identified all assets acquired and all liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the date of acquisition. If the revaluation still results in the fair value of the net assets acquired exceeding the total consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash-generating unit of the Group that is expected to benefit from the combination, whether or not other assets or liabilities of the acquiree are allocated to those units.

If goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured on the basis of the relative values of the operation disposed of and the part of the cash-generating unit retained.

1. ACCOUNTING POLICIES (continued)

Consolidation Procedures

Consolidated financial statements:

a) Combine similar items of assets, liabilities, equity, income, expenses and cash flows of Cemacon SA with those of Euro Caramida SA

b) Compensates (eliminates) the book value of the investment made by Cemacon SA in Euro Caramida SA and Cemacon SA's share in the equity of Euro Caramida SA.

c) Eliminate assets and liabilities, equity, income, expenses and cash flows within the group that relate to transactions between group entities (profits and losses arising from intra-group transactions that are recognised in assets, such as inventories and fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements.

In the consolidation, the necessary adjustments were made to ensure compliance with the Group's accounting policies.

The consolidated financial statements include income and expenses as of the date control was obtained.

The financial statements of Cemacon SA and Euro Caramida SA used for consolidation have the same reporting date (31 December 2023).

New IFRS accounting standards and amendments to existing standards that are effective in the current year

In 2023 the Group applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union which became mandatory for reporting periods beginning on or after 1 January 2023.

Their adoption did not have a material impact on the disclosures and amounts reported in these financial statements

Standard	Title
IFRS 17	New IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by the IASB in June 2020 and December 2021
Amendments to IAS 1	Presentation of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred tax on claims and debts arising from a single transaction
Amendments to IAS 12	International tax reform - Pillar II model rules*

New IFRS accounting standards and amendments to existing standards issued and adopted by the EU but not yet effective

At the date of approval of these financial statements, the Group has not applied the following amended IFRS Accounting Standards which have been issued by the IASB and adopted by the EU but are not yet effective:

Standard	Title	Date of entry into force
Amendments to IFRS 16	Lease liabilities in a sale and leaseback transaction	1 January 2024
Amendments to IAS 1	Classification of debt into short-term debt and long-term debt and long-term debt with financial indicators	1 January 2024

1. ACCOUNTING POLICIES (continued)

New IFRS accounting standards and amendments to existing standards issued but not yet adopted by the EU

Currently, IFRS as adopted by the EU do not differ significantly from IFRS as adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, which have not been adopted by the EU as at 31.12.2023:

Standard	Title	EU adoption status
Amendments to IAS 7 and IFRS 7	Vendor financing arrangements (effective date set by the IASB: 1 January 2024)	Not yet adopted by the EU
Amendments to IAS 21	Lack of convertibility (effective date set by the IASB: 1 January 2025)	Not yet adopted by the EU
IFRS 14	Deferred accounts related to regulated activities (effective date set to: 1 January 2016)	The European Commission has decided not to start the approval process of this interim standard and to wait for the final standard.
Amendments to IFRS 10 and IAS 28	Sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (effective date indefinitely deferred by the IASB, but early application permitted)	The approval process has been indefinitely postponed until the completion of the research project on the equivalence method.

The Group anticipates that the adoption of these new standards and amendments to existing standards will not have a material impact on the Group's financial statements in the future.

Income recognition

a) Income from contracts with customers

Revenue is measured in accordance with IFRS 15 - Revenue from Contracts with Customers. This standard introduces a comprehensive model for revenue recognition and measurement, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'.

IFRS 15 establishes a five-step model for recording revenue from contracts with customers:

- Step 1: Identify the contract with a client
- Step 2: Identify the performance obligations in the contract
- Step 3: Determining the transaction price
- Step 4: Allocation of the transaction price for the performance obligations in the contract
- Step 5: Revenue recognition as the Group meets a performance obligation

Under IFRS 15, revenue is recognised when or as the customer obtains control of the goods or services, in an amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to a customer. The Group delivers goods on contractual terms based on internationally accepted delivery terms (INCOTERMS). The time at which the customer obtains control of the goods is considered to be substantially the same for most of the Group's contracts under IFRS 15. The Group has concluded that revenue should be recognised at a point in time when control of the asset is transferred to the customer.

Revenue is not recognized when there is only an intention to acquire or produce the goods in time for delivery. If the Group retains significant risks associated with the property, the transaction is not a sale and revenue is not recognised. If the Group retains only an insignificant risk of ownership, then the transaction is a sale and revenue is recognised.

The group presented the financial discounts as a reduction in revenue.

1. ACCOUNTING POLICIES (continued)

***Revenue recognition* (continued)**

a) Income from contracts with customers

In preparing for the adoption of IFRS 15, the Group considered the following:

Variable compensation

Some customer contracts involve volume rebates, financial discounts, trade price reductions or the right of return for quality defects. Prior to the application of IFRS 15, revenue from these sales is recognised on the basis of the price specified in the contract, net of returns and rebates, trade discounts and volume discounts, customer loyalty programmes (which are realised as a result of marketing actions or sales policy implemented during a financial year) recognised on an accruals basis when a reasonable estimate of revenue adjustments can be made.

In accordance with IFRS 15, it is necessary to estimate variable income at the inception of the contract. Revenue will be recognised to the extent that it is probable that a material reversal of the cumulative revenue recognised will not occur. Accordingly, for those contracts for which the Group is unable to make a reasonable estimate of the discount, revenue will be recognised when a reasonable estimate can be made.

However, because the contract periods for most contracts coincide with the calendar years for which the annual financial statements are prepared and because the Group currently reports annual revenue from customer contracts net of adjustments such as volume discounts or financial discounts, the impact on retained earnings from the treatment of variable revenue following the adoption of IFRS 15 is not material. At the same time, the cases of quality claims (rights of return) are isolated and immaterial, based on information from past periods, such that, at the reporting date, Group can make a reasonable estimate that such a reversal of revenue is not material.

Considerations related to acting in own name and acting as an intermediary

In accordance with IFRS 15, the assessment will be based on whether the Group controls the specific goods before transferring them to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of the goods.

The Group has concluded that it acts on its own behalf in all contractual sales relationships, as it is the primary provider in all revenue contracts, has the right to set the price and is exposed to inventory risk.

Recognition of income from separate enforcement obligations

The Group has reviewed its contracts with customers to determine all its performance obligations and has not identified any new performance obligations that would need to be accounted for separately under IFRS 15.

Sales invoiced but not delivered

Income from sales "invoiced but not delivered" (custody with the seller) whereby the buyer becomes the owner of the goods and accepts invoicing for them, but delivery is postponed at his request. Revenue is recognised when the buyer takes ownership of the goods only if:

a) the reason for the agreement with invoicing before delivery must be substantial (there must be a written request from the customer);

b)the product must be ready for physical transfer to the customer on a current basis;

c) the product must be separately identified as belonging to the customer;

d) The group may not have the ability to use the product or direct it to another customer.

1. ACCOUNTING POLICIES (continued)

Revenue recognition **(continued)**

b) Income from services rendered

Income from the provision of services is recognised if it can be measured reliably.

The revenue associated with the transaction shall be recognised based on the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all of the following conditions are met:

a. the amount of revenue can be reliably assessed;

b. the economic benefits associated with the transaction are likely to be generated for the Company;

c. the stage of completion of the transaction at the end of the reporting period can be reliably assessed; and

d. the costs incurred for the transaction and the costs of completing the transaction can be reliably estimated.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the recognised recoverable expenses.

c) Other income

Royalty and rental income is recognised on an accrual basis in accordance with the economic substance of the contract in question.

Interest income is recognised periodically on a pro rata basis as the income is earned.

Dividend income is recognised when the shareholder's right to receive payment is established.

Income from the reduction or cancellation of provisions, impairment or loss of value adjustments is recognised when their maintenance is no longer justified, the risk is realised or the expense becomes chargeable.

Gains on the sale of assets are shown at net value.

Segment reporting

The Group has only one reporting segment, the production and sale of building bricks. The nature of the products in the Group's range is similar, as is their production process. Also, the nature of the economic and legislative environment to which the Group's activity is subject is the same for all production and marketing activities undertaken by the Group. The Group has no significant sales on the external market that would meet the reporting criteria of a separate segment. The assets held by the Group are entirely located within Romania, and are used for the purpose of producing and marketing the products mentioned above. Also, all liabilities, i.e. the results recorded in the consolidated financial statements, are exclusively related to the Group's only business segment, which is the production and marketing of building bricks.

Conversion of foreign currency transactions

The Group's transactions in foreign currency are recorded at the exchange rates communicated by the National Bank of Romania ("BNR") for the date of the transactions.

At the end of each month, foreign currency balances are converted into lei at the exchange rates communicated by the NBR for the last banking day of the month.

Gains and losses arising from the settlement of transactions in a foreign currency and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account within the financial result.

1. ACCOUNTING POLICIES (continued)

Translation bases used for expressing in national currency assets and liabilities, income and expenses initially recorded in a foreign currency:

The main exchange rates used for the conversion into lei of balances denominated in foreign currency as at 31 December 2022 and 31 December 2023 are:

		Exchange rate	
Foreign currency	**Abbreviation**	**31-Dec-23**	**31-Dec-22**
US Dollar	USD	4.4958	4.6346
Euro	EUR	4.9746	4.9474

Financial Assets

The Group's financial assets consist of trade receivables, other receivables, cash and cash equivalents, other financial assets, included in the statement of financial position.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of accounting for financial instruments: classification and measurement; impairment and hedge accounting.

IFRS 9 makes significant changes to the recognition and measurement of financial assets based on a business model and contractual cash flows and implements a new model for the recognition of impairment adjustments based on expected credit losses. In addition, the standard introduces changes to the accounting for hedging instruments to better reflect the effect of risk management activities that a company adopts to manage exposures.

As permitted by the standard, the Group has adopted IFRS 9 from 1 January 2018 using the modified retrospective method, with cumulative adjustments from initial application recognised in equity on 1 January 2018 and no change to prior period figures. For the Group's financial asset categories, there are no significant differences between the initial measurement method under IAS 39 and the new measurement categories under IFRS 9.

IFRS 9 presents three main categories of classification of financial assets: measured at amortised cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.

The categories are determined according to the following two criteria: the Company's business model used in the asset management process and the analysis of the contractual cash flows of the instruments to determine whether they represent only payments of principal and principal-related interest.

The impairment model in IFRS 9 requires that impairment adjustments are recognised in accordance with expected credit losses and not in accordance with the actual credit loss model in IAS 39. IFRS 9 requires the Group to record a provision for expected credit losses for all loans and other financial assets related to debt not held at fair value through profit or loss. Financial assets measured at amortised cost will be subject to impairment provisions under IFRS 9. In general, the application of the expected credit loss model will result in an earlier recognition of credit losses and will lead to an increase in the impairment adjustment for the relevant items.

For some financial instruments, such as trade receivables, impairment losses are estimated using a simplified approach, recognising expected losses on receivables over their lifetime. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to borrowers and the economic environment.

For other financial assets (Long-term loans receivable), expected credit losses are based on losses over 12 months or the entire life of the instrument, depending on the evolution of the credit risk from the date of grant to the balance sheet date. Expected 12-month credit losses are the portion of expected lifetime credit losses resulting from default events on a financial instrument that are possible within 12 months of the reporting date. However, where there is a significant increase in credit risk since initial recognition, the provision will be based on expected lifetime credit losses.

1. ACCOUNTING POLICIES (continued)

Financial assets (*continued*)

The accounting for foreign currency monetary transactions is maintained in both the currency in which they were effected and in the national currency, with conversion into the national currency being made in accordance with the accounting policies relating to the *conversion of foreign currency transactions* set out above in these notes.

Financial Debts

The Group classifies financial liabilities into one of the categories shown below according to the purpose for which they were acquired.

- *Fair value measurement through profit and loss* - is only performed for classes of derivatives held for sale. These are recognised in the balance sheet at fair value and changes in value are recognised in the income statement.

- *Other financial debts*: this category includes the following:

Bank loans are initially recognised at amortised cost, less transaction costs directly attributable to obtaining the loans.

Debts and other short-term monetary liabilities are initially recognised at amortised cost and subsequently stated at cost using the market interest method.

Trade debtors are written down to the amount to be paid for goods or services received.

Equity

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or a financial asset.

The Company's ordinary shares are classified as equity instruments.

Cost of debt

Borrowing costs are recognised as finance costs in accordance with contractual provisions in the period in which the borrowing costs are due or actually incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a long-lived asset are included in the cost of that asset.

Only those borrowing costs that are linked to the production period are included in the production cost of long-lived assets.

Borrowing costs that are included in the cost of production of long-lived assets are:

- total interest expense;

- financing costs related to leasing contracts;

- foreign exchange differences on foreign currency loans, to the extent that they are regarded as an adjustment to interest expense.

Capitalization of costs starts when:

- expenses are incurred for that asset;

- the costs of indebtedness are borne, and

- the activities necessary to prepare the asset for its intended use or sale are in progress.

1. ACCOUNTING POLICIES (continued)

Cost of debt (continued)

Capitalisation of borrowing costs is interrupted during extended periods when no actual work is being done on the asset in question.

Capitalisation of borrowing costs ceases when most of the work required to prepare the long-lived asset for its intended use or sale has been completed, even if some administrative work may still continue.

Borrowing costs incurred in periods when capitalisation is discontinued or after their capitalisation ceases are recognised in the financial expense accounts.

Pensions and other post-retirement benefits

In the normal course of business, the Group makes payments to state health, pension and unemployment funds on behalf of its employees at statutory rates. All employees of the Company are members of the Romanian state pension plan. These costs are recognised in the profit and loss account at the same time as salaries are recognised.

According to the collective labour agreement, the Group rewards employees who have reached retirement age by granting financial bonuses according to their seniority in the Company. The Group does not independently manage a private pension plan.

Other employee benefits

Other employee benefits that are expected to vest in full within 12 months of the end of the reporting period are disclosed as current liabilities.

Other employee benefits that will not vest within 12 months of the end of the reporting period are shown as long-term liabilities and are calculated using discount rates. In this case are employee benefits on retirement. For further details refer to Note 27 - Employee Benefits.

Leasing Contracts

Group as tenant

The Group assesses whether a contract is or contains a lease at the start of the contract. The Group recognises the right to use the asset and the related lease liability in respect of all leases in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and low value asset leases. For these leases, the Group recognises lease payments as an operating expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased assets is consumed.

The lease obligation is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses the incremental borrowing rate.

Lease payments included in the valuation of the lease obligation include:

- Fixed rental payments (including fixed payments per fund), less rental incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at inception;
- The amount expected to be paid by the lessee under residual value guarantees;
- The exercise price of the purchase options, if the lessee is reasonably certain to exercise the options; and
- Payment of penalties for termination of the lease if the lease term reflects the exercise of an option to terminate the lease.

1. ACCOUNTING POLICIES (continued)

Leasing Contracts (continued)

Group as tenant (continued)

Lease liabilities are presented as a separate line in the individual statement of financial position.
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease (using the effective interest method) and reducing the carrying amount to reflect lease payments made.

The Group reassesses the rental obligation (and makes an appropriate adjustment to the related right of use) at any time:

- The lease term has changed or there is a significant event or change in circumstances that results in a change in the exercise of a call option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- Lease payments change due to changes in an index or rate or a change in the expected payment under a guaranteed residual value, in which case the lease liability is revalued by discounting the revised lease payments using an unchanged discount rate (unless the changes in lease payments are due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease is amended and the lease amendment is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the amended lease by discounting the revised lease using a revised discount rate at the effective date of the amendment.

The Group has updated in 2023 the right of use of the asset, following the annual indexation of the rent, in accordance with the terms and conditions specified in the lease.

Right-of-use assets include in the initial measurement of the related lease liability, the amount of lease payments made on or before the commencement date, less any lease inducements received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for the costs of dismantling and disposing of a leased asset, restoring the site on which it is located or restoring the underlying asset in accordance with the terms and conditions of the lease, a restoration provision is recognised and measured in accordance with IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, except to the extent that such costs are incurred for the production of inventories.

Right-of-use assets are depreciated over the shorter of: the lease term and the useful life of the underlying asset. If ownership of the underlying asset is transferred under a lease or if the cost of the right-of-use reflects the fact that the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

Depreciation starts from the date of commencement of the lease.

Right-of-use assets are shown as a separate line in the separate statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the policy 'Property, Plant and Equipment' (which is not part of this note).

Variable rents that do not depend on an index or rate are not included in the valuation of the lease liability and right of use. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other operating expenses' in the individual statement of comprehensive income.

As a practical framework, IFRS 16 allows a lessee not to segregate non-lease components and, instead, to account for any associated lease and non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts containing a lease component and one or more additional lease components or non-lease components, the Group allocates the consideration in the contract to each lease component based on the standalone price of the lease component and the aggregate price of each non-lease component.

1. ACCOUNTING POLICIES (continued)

Intangible assets

a) Intangible assets acquired

Intangible assets include software created by the Company or purchased from third parties for its own use, as well as recipes, formulas, models, designs and prototypes.

An intangible asset should be recognised if and only if:

- the future economic benefits attributable to the asset are expected to be derived by the Company; and
- the cost of the asset can be measured reliably.

If an intangible asset is acquired separately, its cost can be measured reliably and consists of:

- the purchase price, import duties and other non-recoverable taxes, transport costs, commissions, notary fees, costs of obtaining permits and other costs directly attributable to the acquisition of the fixed assets concerned.
- commercial discounts granted by the supplier and entered on the purchase invoice are deducted from the purchase price.

Other intangible assets are amortised on a straight-line basis over 3 years.

Expenditure that enables intangible assets to generate future economic benefits in excess of their original expected performance is added to their original cost.

b) Internally generated fixed assets (development costs)

Development is the application of research findings or other knowledge to a plan or project aimed at producing new or substantially improved materials, devices, products, processes, systems or services before production or commercial use begins.

A development asset is recognised if, and only if, all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it is available for use or sale;
- the company's intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits, the existence of a market for the output generated by the intangible asset or for the intangible asset itself;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development costs are recognised at their production cost. The production of intangible assets requires the separation of the process into a research phase and a development phase.

When it is not possible to distinguish between the research and development phases of an internal project to create an intangible asset, expenditure on that project is treated as relating to the research phase and recognised in the income statement.

No hold-up arising from research or the research phase of an internal project is recognised. Research expenditure is recognised as an expense in the income statement when incurred. Research is the original and planned investigation undertaken for the purpose of gaining new scientific or technical knowledge or understanding.

1. ACCOUNTING POLICIES (continued)

Intangible assets (**continued*****)***

The production cost of fixed assets from the development phase comprises:

- direct expenses related to production such as direct materials, energy consumed for technological purposes, costs of employee salaries, legal contributions, costs of testing the correct functioning of the asset, professional fees and commissions paid in connection with the asset, cost of obtaining the necessary permits;

Development expenditure which is recognised as intangible assets is amortised over the period in which the Group expects to derive benefits from the products developed.

c) Concessions, patents, licences, trademarks, rights and similar assets

Concessions, patents, licences, trademarks, rights and similar assets representing contributions, whether acquired or acquired by other means, are recorded in the intangible asset accounts at cost or contribution value, as appropriate.

Patents, licenses, trademarks, rights and other similar assets are amortized over the period of their intended use as follows:

- Development and trademarks - amortisation period is 5 years
- Licences, patents, other intangible assets - amortisation period is 3 years
- Operating licences - for the duration approved in the licence obtained

d) Goodwill

Internally generated goodwill is not recognised as an intangible asset.

Goodwill may arise from the purchase of a business or as a result of mergers. In order to recognise in the accounts the assets and liabilities received on such a transfer, companies must assess the fair value of the items received in order to determine their individual value.

Goodwill arising on the acquisition of a business represents the difference between the consideration paid and the fair value of the net assets acquired.

Tangible assets

a) Discovery costs in the production stage of a surface mine.

Cemacon SA Group carries out clay mining activities through day mining works in the Recea Cemacon mining perimeter, Varsolt commune, county. Salaj. The clay deposit is in the form of a domed hill, covered with a layer of topsoil with an average thickness of 0.3 m. In some areas of the deposit, under the layer of topsoil there is a sandy clay that is not subject to exploitation. The thickness of the sandy clay layers varies between 1 m and 5 m In order for the exploitation activity to be carried out in optimal conditions, the exploitation perimeter must be prepared by removing the overburden formed by topsoil and sandy clay covering the deposit. The exploitation of the clay in the quarry is done in mining steps.

The following types of material may result from the activity carried out in the quarry:

- Barren: topsoil and sandy clay - as a result of the discovery activity, not used in the production activity or otherwise exploited

- Useful substance: yellow clay and veined clay - as a result of the exploitation activity used in the production activity

Waste (overdraft) - as a result of the overdraft activity, not used in the production activity will be recorded in accordance with International Financial Reporting Standards IFRIC 20.

The fixed asset will be referred to as "*Overdraft asset*". See note 13.

1. ACCOUNTING POLICIES (continued)

Tangible assets (*continued*)

This asset should be recognised if and only if the conditions below are met:

1. The future economic benefit associated with the discovery activity is likely to accrue to the entity;

2. The entity can identify the component of the seam to which access has been improved;

3. The costs of discovery activity associated with that component can be reliably estimated;

The asset related to the overdraft activity will be accounted for as an additional item or as an improvement of an existing asset.

The initial valuation of the asset will be at cost, which represents the aggregate of the costs incurred directly in carrying out the discovery activity that improves access to the identified ore component, plus an allocation of directly attributable overheads.

The asset related to the overdraft activity must be systematically depreciated or amortised in accordance with the accounting policies on depreciation.

b) Tangible Assets Purchased

Tangible assets acquired are:

a) They are held for use in the production or supply of goods or services, for hire to others or for administrative purposes;

b) They are expected to be used in several periods.

Assets meeting the following recognition criteria are recognised as non-current assets:

- are assets generating future economic benefits;
- the cost of the item can be reliably assessed.

The purchase cost includes:

1. the purchase price, import duties and other non-recoverable taxes, transport, handling, commission, notary fees, costs of obtaining permits and other expenses directly attributable to the acquisition of the fixed assets concerned;

2. trade discounts granted by the supplier and recorded on the purchase invoice adjust the purchase cost of fixed assets downwards;

3. transport costs are also included in the purchase cost when the supply function is outsourced and when it is carried out by own means;

4. any costs directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner desired by the company;

1. ACCOUNTING POLICIES (continued)

Tangible assets (continued)

c) Tangible Assets Domestic Products

The production cost of fixed assets comprises:

1. employee benefit costs that result directly from the construction or acquisition of the item of property, plant and equipment;

2. site development costs;

3. initial delivery and handling costs;

4. installation and assembly costs;

5. the costs of testing the asset to ensure that it is functioning correctly, after deducting the net proceeds from the sale of items produced during bringing the asset to the site and into working order (such as samples produced during equipment testing); and

6. professional fees.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a long-lived asset are included in the cost of that asset as disclosed in these policies.

Subsequent expenditure on an item of property, plant and equipment is recognised:

- as expenditure during the period in which they were incurred if they are considered to be repairs or the purpose of such expenditure is to ensure the continued use of the asset while maintaining its original technical parameters; or

- as a component of the asset, in the form of subsequent expenditure, if the conditions are met for it to be considered an investment in fixed assets.

Conditions for recognition as investment in fixed assets:

- are assets generating future economic benefits;

- the cost of the item can be reliably assessed

Non-current assets are initially recognised at acquisition or production cost depending on the method of acquisition. The valuation of assets after recognition, depending on the type of asset, using the following models:

- Land - the revaluation model

- Buildings - the revaluation model

- Equipment - the cost-based model

If a fully depreciated item of property, plant and equipment can still be used, a new value and a new period of economic use corresponding to the period expected to continue to be used shall be established when the asset is revalued.

In order to reflect the expected rate of consumption of the future economic benefits of the assets, the Group uses different depreciation methods. The depreciation methods applied to assets are reviewed annually for significant changes from the original estimates.

1. ACCOUNTING POLICIES (continued)

a) Linear Depreciation:

Straight-line depreciation is calculated at the entry value using the straight-line method over the estimated useful life of the assets as follows:

Activ	Ani
Construction	5 - 60
Plant and machinery	2 - 29
Other plant, machinery and furniture	2 - 24
Means of transport	3 - 25

Depreciation of an asset begins when it is available for use, when it is in the location and condition necessary for it to operate in the manner intended by management.

Land is not depreciated because it is considered to have an indefinite life.

b) Depreciation based on the units of production method

For the equipment at the Recea production plant, the Group's management has decided that depreciation should be calculated per unit of product.

The depreciation method calculated per unit of product is applied because the nature of the tangible fixed asset justifies the application of such a depreciation method, the useful life of fixed assets is expressed by the number of units of product expected to be obtained by the enterprise through the use of the asset in question, in the case of the Group 8,470,000 m3.

According to this method, the depreciation rate is determined by dividing the monthly/annual production by the total number of products.

As this type of depreciation is different from tax depreciation (straight-line), the Group calculates and records deferred tax relating to the difference between tax depreciation and unit depreciation.

For assets classified for sale, depreciation ceases.

Tangible fixed assets that are scrapped or sold are removed from the balance sheet together with the corresponding accumulated depreciation. Any profit or loss arising as the difference between the proceeds from the disposal and its undepreciated value, including expenses incurred in such disposal, is included in the profit and loss account, net, as gain on sale of assets.

When the Group recognises in the carrying amount of an item of property, plant and equipment the cost of a partial replacement (replacement of a component), the carrying amount of the replaced part, with related depreciation, is derecognised.

On the sale or disposal of revalued assets, the revaluation surplus included in the revaluation reserve is capitalised by direct transfer to retained earnings.

Depreciation of fixed assets

Property, plant and equipment and intangible assets are tested for impairment when facts and circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised as the amount by which the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

To assess impairment, assets are grouped down to the lowest level at which there are separately identifiable cash flows.

1. ACCOUNTING POLICIES (continued)

Revaluation of fixed assets

For assets whose value after recognition is determined using the revaluation model, the Group carries out revaluations on a sufficiently regular basis to ensure that the carrying amount does not differ significantly from what would have been determined using the fair value at the end of the reporting period.

If an item of property, plant and equipment is revalued, then the entire class of property, plant and equipment to which that item belongs must be revalued.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of revaluation, the asset is treated by removing the accumulated depreciation from the gross carrying amount of the asset and the net value recalculated to the revalued amount of the asset. For example, this method is used for buildings that are revalued to their market value.

Revaluation differences are recorded in accordance with applicable standards (IAS 16 "Property, Plant and Equipment" paragraphs 39, 40).

If the carrying amount of an asset is increased as a result of a revaluation, then the increase should be recognised in other comprehensive income and accumulated in equity as revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it offsets a revaluation decrease in the same asset previously recognised in profit or loss.

If the carrying amount of an asset is reduced as a result of a revaluation, this reduction must be recognised in profit or loss. However, the reduction shall be recognised in other comprehensive income to the extent that the revaluation surplus shows a credit balance for that asset. The reduction recognised in other comprehensive income reduces the amount accumulated in equity as revaluation surplus.

On disposal, any revaluation reserve relating to the asset to be sold is transferred to retained earnings.

Fixed assets held for sale

Non-current assets are classified as assets held for sale when:

- Available for immediate sale
- Group management is committed to the sales plan
- There is little chance that the sales plan will undergo significant changes or be withdrawn
- An active programme is initiated to find buyers
- The asset group is marketed at a reasonable price in relation to fair value
- The sale is expected to close within 12 months from the date of classification of the assets as held for sale

Assets held for sale are valued at the lower of book value and fair value.

Assets held for sale are not depreciated.

Real estate investment

Investment property, represented by properties held for rental income or capital appreciation (including tangible assets under construction to be used for this purpose) is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are recognised in the income statement in the period in which they arise.

1. ACCOUNTING POLICIES (continued)

Real estate investments (continued)

A property ceases to be recognised as investment property when it is disposed of or permanently withdrawn from use and no future economic benefit is expected from its ownership. Any gain or loss resulting from the derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount) is recognised in profit or loss in the period in which the property is derecognised.

Dividend

Dividends are recognised when they can be legally paid:

- In the case of interim dividends, relating to existing shareholders, recognition is made when they are declared by the Directors.
- In the case of final dividends, recognition is made when they are approved by the AGM (General Meeting of Shareholders).

Deferred Tax

Deferred tax assets and liabilities are recognised when the carrying amount of an asset or liability in the statement of financial position differs temporarily from its tax base, except for differences arising on:

- initial recognition of goodwill
- the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction does not affect accounting or taxable profit, and
- Investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is likely that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is limited to those cases where it is likely that taxable profit will be available against the difference that can be utilised.

For deferred tax assets arising from investment property measured at fair value, the presumption will be used that recovery will be through sale rather than use.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply if the deferred/(asset) tax liability is settled/(recovered).

Deferred tax assets and liabilities are offset when the Group is legally entitled to set off current tax assets and liabilities and deferred tax assets and liabilities when they relate to taxes levied by the same tax authority on the same companies.

Inventory

Inventory are current assets:

- held for sale in the ordinary course of business;
- being produced for sale in the ordinary course of business; or
- in the form of raw materials, materials and other consumables to be used in the production process or for the provision of services.

1. ACCOUNTING POLICIES (continued)

Inventory (continued)

Inventories are recognised initially at cost and subsequently at the lower of cost and net realisable value. Cost is composed of all acquisition costs, the cost of conversion and other costs incurred to bring inventories to their present location and condition.

In the case of finished goods, the production cost comprises the cost of purchasing raw materials and consumables and the production costs directly attributable to the good.

The cost is determined on a first-in-first-out (FIFO) basis.

Where necessary, adjustments are made for Inventory, worn out physically or morally. Net realisable value is estimated on the basis of the selling price less selling expenses.

If the book value of inventories is higher than the inventory value (net realisable value), the value of inventories is reduced to the net realisable value by an allowance for impairment.

Assets in the nature of inventories are valued at book value less any impairment adjustments recognised.

Due to the nature and specificity of the activity, for certain categories of Inventory such as raw materials, spare parts, ancillary materials and finished products, Inventory are analysed at the balance sheet date and adjustments are made for those products that are damaged or morally worn.

Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the provisions of the related conditions and that the grants will be received.

Grants are recognised in the income statement on a systematic basis in the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose principal condition is that the Group purchases, constructs or otherwise acquires fixed assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

See footnote 29.

Provisions

The Group will reflect a provision in the accounts only when:

a) has a current obligation (legal or constructive) arising from a previous event;

b) it is likely (there is more chance of it being realised than not) that an outflow of resources affecting economic benefits will be required to meet the obligation; and

c) a relevant estimate of the value of the bond can be made.

The amount recorded as a provision is the best estimate of the payments required to settle the current obligation at the balance sheet date, in other words, the amount that the Group would normally pay at the balance sheet date to settle the obligation or transfer it to a third party at that time.

In the process of evaluating the provision the Group will take into account the following:

a) to consider the risks and uncertainties. However, uncertainties do not justify the creation of excessive provisions or the deliberate overstatement of liabilities.

1. ACCOUNTING POLICIES (continued)

Provisions (continued)

b) discount provisions in situations where the time value of money effect is significant, using a pre-tax discount rate (or rates) that reflects current market assessments of the time value of money and those risks specific to the obligation that have not been reflected in the best estimate of expenses. If discounting is used, the increase in the provision due to the passage of time is recorded in the accounts as interest expense,

c) take into account future events, such as changes in legislation or technology, if there is sufficient objective evidence that they will occur; and

d) to disregard gains from the expected disposal of assets, even if these expected disposals are closely related to the event giving rise to the provision.

Provisions will be reviewed at each balance sheet date and adjusted to reflect the best current estimate. If it is no longer probable that outflows of resources - affecting economic benefits - will be required to settle the obligation, the provision will be cancelled.

Provisions shall be used only for the purposes for which they were originally constituted.

The Group will not recognise provisions for future operating losses.

In accordance with IAS 37, operating expenses are not subject to the establishment of a provision.

This also includes transport costs related to Bill & Hold sales.

The amount recognised as a provision will be the best estimate of the costs required to settle the current obligation at the balance sheet date.

The best estimate of the costs required to settle the current obligation is the amount that the Group will rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time. It can often be impossible or very expensive to extinguish, or transfer, an obligation at the balance sheet date. However, the estimate of the amount that the Group will rationally pay to extinguish or transfer an obligation is an expression of the best estimate of the costs required to extinguish the current obligation at the balance sheet date.

Estimates of financial results and effects are determined by management's analysis, taking into account the experience of similar transactions and, in some cases, reports prepared by independent experts. Items taken into account include any evidence provided by events occurring after the balance sheet date. However, the estimate of the amount that the enterprise will rationally pay to extinguish or transfer an obligation is an expression of the best estimate of the costs required to extinguish the current obligation at the balance sheet date.

Uncertainties about the amount to be recognised as a provision are treated in different ways, depending on the circumstances. Where the provision to be measured involves a wide range of items the obligation is estimated by weighting all possible outcomes against the probability of each being realised. This statistical method of valuation is known as 'expected value'. The provision will therefore differ according to the probability, for example 60% or 90%, that a certain loss may occur. If there is a continuous range of possible outcomes and the probabilities of each are equal, the mid-point of the range will be used.

If a single bond is valued, the most likely individual result may be the best estimate of the debt. However, even in such a situation, the Group will consider other possible outcomes. Where other possible outcomes are either higher or lower than the most likely outcome, the best estimate would be a higher or lower amount.

The provision is measured before taxation, as the effects of taxation on the provision and changes in the provision are the subject of IAS 12 'Income Taxes'.

If it is estimated that some or all of the expenditure required to settle a provision will be reimbursed by a third party, the reimbursement should be recognised only when it is certain to be received if the company meets its obligation. Reimbursement should be treated as a separate asset. The amount recognised for reimbursement must not exceed the amount of the provision.

In the profit and loss account, costs relating to a provision will be shown at its value less the amount recognised for reimbursement.

1. ACCOUNTING POLICIES (continued)

Provisions (continued)

Provisions will be reviewed at each balance sheet date and adjusted to reflect the best current estimate, if an outflow of resources embodying economic benefits is no longer probable to settle an obligation, the provision should be reversed.

If discounting is used, the carrying amount of a provision increases each period to reflect the passage of time. This increase is recognised as borrowing costs.

Fair value measurement

The Group measures the fair value of an asset or liability based on assumptions that market participants would use to price the asset or liability, assuming they are acting to maximise economic benefits,

All assets and liabilities that are measured at fair value in the financial statements are included in the fair value hierarchy based on the nature of the inputs as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs, other than quoted prices included in Level 1, that are observable for the asset, either directly or indirectly;
- Level 3 - input data for the asset or liability,

At each reporting date, the Group reviews the amounts of assets and liabilities requiring revaluation or fair value restatement in accordance with the accounting policies applied, The carrying amount of the Group's principal assets and liabilities (cash, trade and other receivables, trade and other current receivables) approximates their fair value at the reporting date.

Affiliated Parties

A related party is a person or company that is associated with the Group that prepares and presents the financial statements.

Related Persons:

A person or a close family member is associated to the Rapporteur Group if:

- Has control or joint control of the reporting group
- Has a significant influence in the Rapporteur Group
- Is a member of key management for the reporting entity or the parent company

Affiliated Entities:

A Group is a related party if one of the following conditions applies:

- The company and the reporting group belong to the same group (each parent company, subsidiary and other subsidiary companies reporting to the same parent company are related parties)
- The company is an associate or joint venture of the Group
- Both (the Company and the Group) are affiliated or associated by shareholding to the same third party
- The group is a joint venture of a third party and the other entity is an associate of the same third party
- The Group is a post-employment benefit plan for the benefit of employees of either the reporting Group or a related entity of the reporting entity
- The group is controlled or controlled in a joint venture by a related person as defined in related persons
- a related person that has control or control by association of the reporting Group, has significant influence over the Group (which is deemed to be a related party) or is a member of the key management of the Group.

Transactions with related parties are defined as a transfer of resources, services or obligations between the reporting Group and the related party, regardless of whether a price is paid. All related party transactions are conducted on a transfer pricing basis.

1. ACCOUNTING POLICIES (continued)

Events after the reporting period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the financial statements are authorised for filing. Two types of events can be identified:

a) Those evidencing conditions existing at the balance sheet date (events leading to the adjustment of the financial statements); and

b) Those that provide indications of conditions occurring after the balance sheet date (events that do not lead to an adjustment of the financial statements).

The Cemacon Group's consolidated financial statements are subject to shareholder approval after they have been issued, in which case the date of approval of the financial statements is the date of issue of the financial statements, not the date on which they were approved by the shareholders.

Events after the balance sheet date include all events occurring up to the date on which the financial statements are authorised for filing, even if those events occur after the publication of a profit announcement or other selected financial information.

The Group will adjust the amounts recognised in its financial statements to reflect the events leading to the adjustment to the financial statements. The Group will not adjust the amounts recognised in the financial statements to reflect events that do not result in an adjustment to the financial statements.

If dividends to holders of equity instruments (as defined in IAS 32, Financial Instruments: Disclosure and Presentation) are proposed or declared after the balance sheet date, the Group is not required to recognise those dividends as a liability at the balance sheet date.

The Group will not prepare financial statements on a going concern basis if the management determines after the balance sheet date that it either intends to liquidate the company or cease trading, or that it has no realistic alternative but to do so.

The deterioration in the operating results and financial position, which follows the balance sheet date, indicates the need to consider whether the going concern principle is still appropriate. If the going concern basis is no longer appropriate, the effect is so persistent that IAS 10 'Events after the Reporting Period' requires a fundamental change in the basis of accounting rather than an adjustment to the amounts recognised in the original basis of accounting.

The group must disclose the date on which the financial statements were authorised for filing and who gave this authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose this fact.

The Group will make public when the financial statements have been authorised for filing, as users should be aware that the financial statements do not reflect events after this date.

If the Group receives, after the balance sheet date, information about conditions that existed at the balance sheet date, the Group must update the disclosures relating to those conditions in the light of the new information.

In some cases, the Group needs to update disclosures in its financial statements to reflect information received after the balance sheet date, even if the information does not affect the amounts the company recognises in its financial statements.

1. ACCOUNTING POLICIES (continued)

Share-based payment

The Group will apply the provisions of IFRS 2 "Share-based payment" to account for the following types of share-based payment transactions inclusive:

1. Equity-settled share-based payment transactions in which the Group receives goods or services as consideration for the Group's equity instruments (shares or share options),

2. Cash-settled share-based payment transactions in which the Group acquires by incurring liabilities to the supplier of goods or services for amounts based on the price (or value) of the Group's shares or other equity instruments of the Group, and

3. Transactions in which the Group receives or acquires goods or services and the terms of the contract give the Group or the supplier of goods and services the option to settle the transaction in cash (or other assets) or by issuing equity instruments.

Certificates for greenhouse gas emissions (EUA)

According to the environmental regulations in force Cemacon SA and Euro Caramida SA receive certificates for greenhouse gas emissions (EUA) according to the program carried out in the period 2021 - 2025.

The Group has decided to adopt the cost treatment of certificates and debt, as under the previous treatment based on IFRIC 3 it would be difficult to track the impact on equity at final settlement of transactions.

Thus, the accounting treatment as described in the modified approach would generate more relevant information about the entity's financial position, financial performance and cash flows and the criteria required by IAS 8:14 for changes in accounting policies are met.

2. ACCOUNTING ESTIMATES

The group makes certain estimates and assumptions about the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual future experience may differ from these estimates and assumptions. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below.

Estimates and Assumptions

Fair value measurement IFRS 13

A number of assets and liabilities included in the Group's financial statements require measurement, and/or disclosure, at fair value.

IFRS 13 defines fair value as the price that would be received for the sale of an asset or paid for the transfer of a liability in a regulated transaction between market participants at the measurement date (i.e. an exit price). The definition of fair value emphasises that fair value is a market-based valuation, not a Group-specific value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements except as follows:

a) Share-based payment transactions covered by IFRS 2

b) Lease transactions that are subject to IFRS 16

c) Valuations that are similar to fair value but are not fair value, such as net realisable value that is within the scope of IAS 2

d) Plan assets measured at fair value in accordance with IAS 19

2. ACCOUNTING ESTIMATES (continued)

e) Investments in pension plans measured at fair value in accordance with IAS 26

f) Assets whose recoverable amount is fair value less costs to sell under IAS 36

Fair Value Hierarchy - to improve the consistency and comparability of fair value appraisals and related disclosures, this hierarchy is classified into 3 levels:

1. Level 1 inputs - are unadjusted quoted prices in active markets for identical assets and liabilities to which the Group has access at the valuation date

2. Level 2 inputs - are inputs other than quoted prices included in Level 1 that are directly or indirectly observable for assets or debt.'

3. Level 3 input data - are unobservable inputs for asset or liability.

Litigation

The Group analyses disputes, subsequent events existing at the reporting date to assess the need for a provision or provisions in the financial statements.In 2023 the dispute with the supplier Bedeschi continued, in which Unicredit as owner of the line purchased from the supplier and CEMACON user, as defendant, and the supplier Bedeschi, as plaintiff, are parties. In 2019, in application of the contractual provisions, Unicredit and CEMACON applied late payment penalties to the supplier Bedeschi and executed the bank guarantee letter of good performance. The supplier disputes the application of these penalties. The dispute is being heard by the Bucharest Court. Cemacon has submitted arguments and documents in the case file showing that Bedeschi's claims are unfounded so Cemacon has the first chance to convince the court that Bedeschi's claims are unfounded.

Depreciation at product level

For the equipment at the Recea production plant, the Group's management has decided that depreciation should be calculated per unit of product.

The depreciation method calculated per unit of product is applied because the nature of the tangible fixed asset justifies the application of such a depreciation method, the useful life of fixed assets is expressed by the number of units of product expected to be obtained by the enterprise through the use of that asset, in the case of the Group 8,470,000 m3.

According to this method, the depreciation rate is determined by dividing the monthly/annual production by the total number of products.

Corporate tax

The Group believes that its accruals for tax liabilities are appropriate for all years open to review, based on its assessment of many factors, including past experience and interpretations of tax law.

This assessment is based on estimates and assumptions and can involve a series of complex judgements about future events. To the extent that the ultimate tax outcome of these transactions is different than the amounts recorded, these differences will impact income tax expense in the period in which such determination is made.

See Note 34.

Pension provision

Provisions for pensions: according to the collective bargaining agreement valid in 2022, the Group's employees will receive the following allowances once upon retirement, depending on their length of service in the Company:

< 2 years	0
2 - 10 years	1 individual salary at the date of retirement
10 - 20 years	2 individual salaries at the date of retirement
> 20 years	3 individual salaries at the date of retirement

For further details, please check Note 27 - Employee benefits.

2. ACCOUNTING ESTIMATES (continued)

Provision for untaken leave

Provision for untaken leave: the Group has recorded provisions for the expense of untaken leave by employees during 2023. The provisioned amounts have been estimated based on the number of leave days relating to 2023 remaining to be taken by the Group's employees and the related leave allowances. The Group estimates that the amounts relating to these provisions will be realised during 2024.

For further details, please refer to Note 28 - Provisions.

Provision for environmental restoration

Provisions for environmental restoration: as the Group also carries out activities related to the exploitation of mineral resources (clay), it is obliged to incur environmental restoration expenses related to the exploited perimeters in accordance with the exploitation permits. The related expenses are expected to be incurred towards the end of the operating period, which is why the Group has set up provisions for these expenses.

For further details, please refer to Note 28 - Provisions.

Other provisions

Included in this category are various provisions for which the Group expects short-term cash outflows but with uncertain value. In estimating these amounts the Group has used its best estimates and knowledge of the underlying events as at 31 December 2023 and are discounted to reflect the time value of money, being amounts that will be settled in the long term.

For further details, please refer to Note 28 - Provisions.

The table below shows the estimates made by the Group's management as at 31 December 2023:

	Sold to	**Sold to**
Estimated values at the end of the reporting period	**31-Dec-23**	**31-Dec-22**
Provisions related to employees and directors	11.436.515	10.648.293
Income tax lover	18.807.092	3.004.628
Providing environmental restoration	2.192.834	2.196.140
Litigation provision	50.000	50.000
Other provisions	1.394.004	-
Total estimated values	**33.880.445**	**15.899.061**

Depreciation Assets

As at 31 December 2023, the Group has reviewed the factors that could lead to indications of asset impairment. Taking into account the aspects analysed, the Group considers that there are no indications of impairment of the assets of the Recea, Zalau and Euro Caramida factories, with the exception of the assets acquired from the supplier Bedeschi, with which the Group has a dispute pending.

For further details see Note 13 - Tangible Fixed Assets

Impairment of goodwill

As at 31 December 2023, the Group analysed factors that could lead to indications of impairment of goodwill. Taking into account that the acquisition that generated the goodwill occurred this year, we have not identified any impairment risk as at 31 December 2023.

3. ACQUISITION EURO CARAMIDA SA - COMBINATIONS OF COMPANIES

In July 2023, CEMACON SA acquired 100% of the share capital of EURO CARAMIDA S.A., a factory specialized in the production of ceramic blocks. The acquisition was in line with Cemacon SA's strategy to expand and strengthen its market position.

Acquisition-related costs of RON 127,488,922 are included in operating expenses in the income statement and in operating cash flows in the cash flow statement.

Since the date of acquisition, EURO CARAMIDA S.A. has contributed RON 25,367,683 to revenues and RON 4,520,421 to the Group's loss before tax from continuing operations.

The fair values of the identifiable assets and liabilities at the date of acquisition are shown below.

Description	**Amount at date of acquisition**
Licences and other intangible assets	20.575.018
Tangible fixed assets	111.097.577
Rights of use assets	-
Inventory	11.838.406
Financial fixed assets	230.152
Expenses in advance	1.521.698
Other claims	2.796.336
Trade receivables	8.432.424
Cash and cash equivalents	6.926.898
Total assets	**163.418.511**
Loans	-
Debts from leasing contracts	-
Trade debts	2.989.756
Other debts	19.943.575
Deferred income tax liabilities	15.178.709
Total debts	**19.943.575**
Grants	**5.522.043**
Provisions	**161.063**
Total identifiable net assets at fair value	122.623.364
Goodwill arising on acquisition	4.865.558
Value of the purchase transferred	**127.488.922**
Purchase consideration - Cash outflow	
Value of the purchase transferred	127.488.922
Less: purchased cash balances	14.216.038
Less: liabilities - 31 December 2023	6.194.879
Net cash outflow - Investing activities	**107.078.005**

4. SALES REVENUE

Income from sales	Financial year concluded at 31-Dec-23	Financial year concluded at 31-Dec-22
Sales of finished products	180.035.810	230.885.240
Sales of goods	29.799.888	13.477.507
Sales of services	2.185.275	1.804.533
Financial reductions granted	-3.283.468	-2.778.566
Trade discounts granted	-23.303.781	-21.953.308
Total	**185.433.724**	**221.435.406**

The Group has reviewed its contracts with customers to determine all its performance obligations and has not identified any new performance obligations that would need to be accounted for separately under IFRS 15.

The Group's main revenues in 2023 were from the sale of finished products 180.04 million lei, the sale of goods 29.79 million lei and the provision of services 2.1 million lei, and the amount of commercial and financial discounts granted, related to product sales was 26.5 million lei.

In the case of sales invoiced but not delivered ("Bill&Hold"), the revenue related to the shipment is recorded when the Group fulfils its performance obligation.

5. OTHER OPERATING REVENUE

Other operating income is generated by activities that are not part of the Group's general line of business, which is why it is presented separately from sales revenue.

Other income	Financial year concluded at 31-Dec-23	Financial year concluded at 31-Dec-22
Income from miscellaneous services	15.998.675	11.112.116
Income from operating subsidies	209.498	167.315
Compensation income	359.143	134.774
Income from subsidies for assets	4.669.718	75.636
Total	**21.237.035**	**11.489.841**

6. OTHER GAINS AND LOSSES

Other gains and losses	Financial year concluded at 31-Dec-23	Financial year concluded at 31-Dec-22
Income from sales of assets	218.669	377.520
Expenditure on sales of assets	(175.112)	(52.845)
Income cancellation of provisions	7.698.950	10.798.206
Income from reversal of impairment adjustments on current assets	2.529.429	1.013.138
Provisioning expenses	(9.720.923)	(9.696.964)
Expenses from value adjustments related to the impairment of current assets	(6.508.210)	(2.090.800)
Total gain (loss)	**(5.957.195)**	**348.255**

Income related to the reversal of provisions amounted to 7.6 million lei. Expenditure on provisions amounted to RON 9.7 million (for more details see Note 28 "Provisions").

7. OTHER OPERATING EXPENSES

Other operating expenditure	Financial year concluded at 31-Dec-23	Financial year concluded at 31-Dec-22
Utilities	26.588.579	27.349.388
Transport and logistics	20.913.885	19.647.044
Expenditure on EUA Certificates	11.899.075	14.124.965
Other services provided by third parties	5.892.213	3.709.467
Advertising	3.066.936	2.444.672
Repairs	2.943.626	3.179.234
State budget taxes	2.741.371	1.736.167
Insurance	1.215.642	757.602
Rentals	575.825	114.716
Commissions	333.344	244.457
Staff training	215.453	208.069
Environmental Protection Expenditure	422.694	457.993
Post and telecommunications	189.856	148.119
Miscellaneous	7.004.918	2.001.839
Total	**84.003.419**	**76.123.732**

8. STAFF COSTS

The Group has implemented a comprehensive employee performance management system since 2014. The performance management system in Cemacon is based on the Balanced Scorecard methodology and is 100% implemented at the individual level of each employee. Individual targets are set by cascading at department / sub-department / person level Cemacon's annual targets.

The level of achievement of objectives is periodically evaluated, following which employees receive a monthly/quarterly and annual performance bonus proportional to the result of the evaluation and depending on the overall performance of the Group.

Staff expenditure without key management	Financial year concluded at 31-Dec-23	Financial year concluded at 31-Dec-22
Salaries	30.410.288	20.043.905
Bonuses	8.332.597	8.542.207
Civil contracts	-	-
Taxes and social contributions	877.944	645.833
Other benefits	2.328.659	1.514.333
Total	**41.949.488**	**30.746.278**

8. STAFF EXPENDITURE (CONTINUED)

Key management

Key management consists of those persons who have the authority and responsibility for planning, directing and controlling the Group's activities.

a) Allowances for members of the administrative, management and supervisory bodies

	Financial year concluded at	Financial year concluded at
Expenditure on allowances	**31-Dec-23**	**31-Dec-22**
Administrators	1.157.746	1.421.933
Directors' remuneration	1.306.844	988.430
Director bonuses	3.506.287	5.511.889
Taxes and contributions	133.556	178.310
Total	**6.104.433**	**8.100.562**
	Financial year concluded at	**Financial year concluded at**
Wages payable at the end of the period	**31-Dec-23**	**31-Dec-22**
Administrators	39.150	39.150
Directors	48.299	48.582
Total	**87.449**	**87.732**
Total staff expenditure (salaries + allowances)	**48.053.921**	**38.846.840**

During the year 2023 the Group had 2 directors: General Director - Sologon Daniel, Financial Director - Cojocaru Bogdan, General Director Euro Caramida - Palyo-Muset Ciprian

For the period 2023 - 2022, the composition of the Group's Board of Directors was as follows:

1. Mr Daniel Sologon - President of the Board of Directors
2. Mr. Dragos Paval
3. Mrs Karina Paval
4. Mrs. Dana Rodica Beju
5. Mr Adrian Fercu.

8. STAFF EXPENDITURE (CONTINUED)

b) Advances and loans granted to members of the administrative, management and supervisory bodies

In 2023 no advances and loans were granted to members of the administrative, management and supervisory bodies.

The structure and average number of employees is:	**Financial year concluded at**	**Financial year concluded at**
Average number of employees	**31-Dec-23**	**31-Dec-22**
Administrative staff	86	73
Production staff	252	195
Total	**338**	**268**

9. FINANCIAL INCOME AND EXPENDITURE

	Financial year concluded at	**Financial year concluded at**
Financial income	**31-Dec-23**	**31-Dec-22**
Interest income	4.855.880	4.060.530
Income from exchange rate differences	1.643.079	1.019.841
Total	**6.498.958**	**5.080.371**

	Financial year concluded at	**Financial year concluded at**
Financial expenses	**31-Dec-23**	**31-Dec-22**
Interest expenses	(2.387.667)	(238.234)
Other financial charges	(313.068)	(323.148)
Expenses from exchange rate differences	(1.787.726)	(1.029.569)
Private placement title ced	(190.000)	-
Total	**(4.678.461)**	**(1.590.951)**

The financial income is represented by interest income 4.85 million lei, income from exchange rate differences 1.64 million lei.

Financial expenses are composed of the following categories: interest expenses 2.38 million lei, related exchange rate differences 1.78 million lei, and other financial expenses 0.31 million lei.

10. TAX EXPENDITURE

Current income tax reconciliation	**Financial year ending 31 December 2023**	**Financial year ending 31 December 2022**	**Financial year ending 31 December 2022**
		Initial	**Restated***
Profit for the period	25.080.383	77.963.005	77.963.005
Income-like items	-	-	-
Non-taxable and assimilated income	-8.105.044	-8.131.045	-8.131.045
Deductible legal reserve	-1.554.386	-3.930.969	-3.930.969
Non-deductible and similar expenses	19.304.244	14.318.551	14.318.551
Profit before tax	**34.725.197**	**80.219.543**	80.219.543
Corporate tax rate	16%	16%	16%
Income tax calculated by applying local tax rates	**5.556.032**	**12.835.127**	**12.835.127**
Tax loss to be recovered from previous years	-	-	-
Income tax payable after recovery of loss	**5.556.032**	**12.835.127**	**12.835.127**
Tax-deductible sponsorships	-	-1.581.312	-1.581.312
Deductions related to reinvested earnings	-5.556.032	-3.299.414	-3.091.251
Bonus payment	-	-	-
Early education deductions	-	-	-
Reduction of capital growth	-	-1.193.160	-1.193.160
Income tax payable	**-**	**6.761.240**	**6.969.403**

10. TAX EXPENDITURE (CONTINUED)

Current income tax reconciliation	**Financial year ending 31 December 2023**	**Financial year ending 31 December 2022**	**Financial year ending 31 December 2022**
Profit/Loss before tax	**25.080.383**	**77.963.005**	**77.963.005**
Corporate income tax at the statutory rate of 16%	4.012.861	12.474.081	12.474.081
Effect of non-deductible expenditure	3.088.679	2.290.968	2.290.968
The effect of non-taxable income	-7.101.540	-8.003.809	-7.795.646
Corporate tax	-	**6.761.240**	**6.969.403**

Corporation tax postponed	**Financial year ending 31 December 2023**	**Financial year ending 31 December 2022**	**Financial year ending 31 December 2022**
			Restated*
Total tax deferred at the beginning of the period	-3.004.628	-3.756.048	-3.756.048
Deferred tax expense recognized in the income statement	1.079.820	656.372	656.372
Amant tax recognised in other equity items	-16.882.284	95.048	95.048
Total deferred income tax	**-18.807.092**	**-3.004.628**	**-3.004.628**

Debts and debts from deferred tax

Deferred income tax liabilities

Fixed assets	23.684.853	6.573.356	6.573.356
Total deferred income tax liabilities	**23.684.853**	**6.573.356**	**6.573.356**

Deferred income tax claims

IFRS15 income adjustment	1.453.285	925.411	925.411
Provisions	2.061.044	1.935.458	1.935.458
Creator	758.757	213.221	213.221
Inventory	604.675	494.639	494.639
Total deferred income tax claims	**4.877.761**	**3.568.729**	**3.568.729**

Offsetting of deferred tax liabilities under the offsetting provisions	4.877.761	3.568.729	3.568.729
Net deferred income tax liabilities	**18.807.092**	**3.004.628**	**3.004.628**

TAX EXPENDITURE (continued)

Current tax	-	6.761.240	6.969.403
Tax postponed	-1.079.820	-656.372	-656.372
Income tax expenses	**-1.079.820**	**6.104.868**	**6.313.031**

Restated* See Note 34- Accounting presentation errors

Following the tax audit, initiated by A.J.F.P Salaj, which took place between May 2023 and February 2024, the treatment of the reinvested profit tax facility, as well as the treatment of advertising and publicity expenses, for the period 2017-2022, was partially reclassified.

The reclassification resulted in an additional income tax payable of 2,499,091 lei.

Of the total amount, 2,290,928 relates to the period 2017-2021, affecting retained earnings. The amount of 208,163 is established for the year 2022, which is why the Profit and Loss Account for the period ending 31.12.2022 has been restated.

11. EARNINGS PER SHARE

Earnings per share	**Financial year concluded at 31-Dec-23**	**Financial year concluded at 31-Dec-22**
Number of shares issued	935.310.418	935.310.418
Total profit/(loss)	26.160.203	71.858.135
Total profit/(loss) per share	**0.0280**	**0.0768**

Basic earnings per share were calculated by dividing the profit by the weighted average number of ordinary shares in issue during the period.

For details on the number of shares see Note 30 - "Share Capital".

12. DIVIDENDS

In 2023 the Group did not pay dividends.
The Group's retained earnings at the end of 2023 are 143,869,903 lei.

13. FIXED ASSETS

Gross value of fixed assets 31 December 2023

Tangible fixed assets	**Sold Initial**	**Purchases(3)**	**Euro Brick Purchases(2)**	**Value increases(4)**	**Revaluation increases(5)**	**Transfer - lease out(6)**	**Cedari(7)**	**Elimination of revaluation depreciation(8)**	**Sold Out**
Land	23.462.684	94.010	28.434.479	-	1.846.725	-	-	-	53.837.898
Landscaping	2.183.340	-	-	-	-	-	-	-	2.183.340
Construction	60.988.785	24.019.191	34.368.772	3.828.494	9.385.899	-	-	2.039.575	130.551.566
Machinery, Plant and Equipment	163.032.659	45.929.975	47.944.623	3.454.712	-	112.307	-2.245.538	-	258.228.737
Office Furniture and Equipment	1.902.543	372.698	117.978	30.895	-	-	-9.738	-	2.414.376
Fixed assets In progress	25.415.301	68.063.132	10.000	-	-	-	-83.122.768	-	10.365.665
Advances.agreement.pt.imob.corporal	-	-	-	-	-	-	-	-	-
Total	**276.985.311**	**138.479.005**	**110.875.852**	**7.314.101**	**11.232.624**	**112.307**	**-85.378.044**	**2.039.575**	**457.581.581**

(1) From 2019 onwards, the Group shows advances granted for fixed assets in the notes to the accounts receivable.

(2) The Euro Brick Acquisition line relates to the acquisition of Euro Brick assets at fair values at the transaction date as revalued by specialist valuers resulting from a transaction price allocation report.

(3) The Acquisitions line refers to the entries of newly acquired fixed assets

(4) The value increases line refers to increases in the value of existing assets, improvements (e.g. through capitalisation, capital repairs, etc.).

(5) The line Revaluation increases refers to the increases in the book value of land and buildings resulting from the revaluation to fair value at year-end 2023.

(6) The transfer out of lease line records the transfer of assets acquired under lease. See note 32.

(7) In the line for disposals of machinery, plant and equipment, outgoings of equipment by sale or scrapping are recorded.

(8) The line Revaluation depreciation elimination includes the reversal of accumulated depreciation from the date of acquisition of Euro Brick related to the revalued buildings at the end of 2023.

13. FIXED ASSETS (continued)

Gross value of fixed assets 31 December 2022						
Tangible fixed assets	**Sold Initial**	**Purchases**	**Value increases**	**Transfer - lease exits**	**Cedari**	**Sold Out**
Land	20.862.773	2.599.911	-	-	-	23.462.684
Landscaping	2.065.161	118.179	-	-	-	2.183.340
Construction	57.678.069	441.610	2.869.106	-	-	60.988.785
Machinery, Plant and Equipment	132.835.106	24.148.345	5.818.112	2.177.672	(1.946.578)	163.032.657
Office Furniture and Equipment	1.736.088	142.171	58.148	-	(33.864)	1.902.543
Fixed assets In progress	2.293.619	60.536.537	-	-	(37.414.855)	25.415.301
Total	**217.470.815**	**87.986.753**	**8.745.366**	**2.177.672**	**(39.395.297)**	**276.985.309**

Amount of depreciation and impairment adjustments 31 December 2023						
Depreciation and Adjustments	**Sold Initial**	**Depreciation and amortisation during the year**	**Depreciation of fixed assets disposed of**	**Eliminate depreciation**	**Depreciation of leased MF**	**Sold out**
Depreciation of land improvements	1.589.511	12.798	-	-	-	1.602.309
Building depreciation	3.140.551	6.418.756	-	2.039.575	-	7.519.732
Depreciation of machines, installations, machinery	67.501.259	14.195.449	1.835.574	234.853	67.514	79.693.794
Depreciation of furniture and office equipment	746.620	285.747	-	9.739	-	1.022.628
Adjustments for land depreciation	-	-	-	-	-	-
Adjustments for depreciation of machinery and equipment	308.062	-	-	-	-	308.062
Total	**73.286.004**	**20.912.750**	**1.835.574**	**2.284.167**	**67.514**	**90.146.527**

13. FIXED ASSETS (continued)

Amount of depreciation and impairment adjustments 31 December 2022					
Depreciation and Adjustments	**Sold Initial**	**Depreciation and amortisation during the year**	**Depreciation of fixed assets disposed of**	**Depreciation of leased MF**	**Sold out**
Depreciation of land improvements	1.585.903	3.608	-	-	1.589.511
Building depreciation	-	3.140.551	-	-	3.140.551
Depreciation of cars. installations. machines	58.824.633	9.385.085	1.895.216	1.186.757	66.314.502
Depreciation of furniture and office equipment	541.091	220.134	14.605	-	746.620
Adjustments for land depreciation	-	-	-	-	-
Adjustments for depreciation of machinery and equipment	308.062	-	-	-	308.062
Total	**61.259.689**	**12.749.378**	**1.909.821**	**1.186.757**	**73.286.003**

Net value of fixed assets at 31 December 2023					
Real estate 2023	**Gross value at 31 December 2023**	**Reclassifications for sale**	**Depreciation**	**Adjustments**	**Net value 31 December 2023**
Land	53.837.898	-	-	-	53.837.898
Landscaping	2.183.340	-	(1.602.309)	-	581.031
Construction	130.551.566	-	(7.519.732)	-	123.031.834
Machinery, Plant and Equipment	258.228.737	-	(79.693.794)	(308.062)	178.226.881
Office Furniture and Equipment	2.414.376	-	(1.022.628)	-	1.391.747
Ongoing Real Estate	10.365.665	-	-	-	10.365.665
Advances.agreement.pt.imob.corporal	-	-	-	-	-
Total	**457.581.581**	**-**	**(89.838.464)**	**(308.062)**	**367.435.056**

13. FIXED ASSETS (continued)

Net value of fixed assets at 31 December 2022					
Real estate 2022	**Gross value at 31 December 2022**	**Reclassifications for sale**	**Depreciation**	**Adjustments**	**Net value 31 December 2022**
Land	23.462.684	-	-	-	23.462.684
Landscaping	2.183.340	-	(1.589.511)	-	593.829
Construction	60.988.785	-	(3.140.551)	-	57.848.234
Machines, Installations and Machinery	163.032.657	-	(66.314.502)	(308.062)	96.410.093
FurnitureBirotica	1.902.543	-	(746.620)	-	1.155.922
ImobilizariinCurs	25.415.301	-	-	-	25.415.301
Total	**276.985.309**	**-**	**(71.791.184)**	**(308.062)**	**203.699.307**

Value of fixed assets in progress 31.12.2023				
Investments in progress	**Initial sale**	**Entries**	**Outputs**	**Sold out**
Land	95.793	345.423	279.211	162.005
Construction	13.079.799	16.909.846	27.554.014	2.435.631
Machinery, Plant and Equipment	10.207.875	37.862.263	44.343.377	3.726.761
Office Furniture and Equipment	345.374	102.338	400.924	46.788
Leased equipment	-	-	-	-
Right to use leased assets	-	-	-	-
Intangible assets	438.692	4.074.714	4.256.090	257.316
Other assets in progress	1.247.768	2.778.608	289.211	3.737.165
Total	**25.415.301**	**62.073.191**	**77.122.827**	**10.365.665**

13. FIXED ASSETS (continued)

Assets held for sale

At 31 December 2023 the Group does not hold any assets held for sale.

Asset related to discovery activity

Cemacon Group carries out clay mining activities, through day mining works in the Recea Cemacon mining perimeter, Varsolt commune, county. Salaj (own quarry) and in the exploitation perimeter in Biharia, Bihor county.

The following types of material may result from the activity carried out in the quarry:

- Barren: topsoil and sandy clay - as a result of the discovery activity, not used in the production activity or otherwise exploited

- Useful substance: yellow clay and veined clay - as a result of the exploitation activity used in the production activity

Waste (overdraft) - as a result of the overdraft activity, not used in the production activity will be recorded in accordance with International Financial Reporting Standards IFRIC 20. Fixed assets will be referred to as "Assets related to the discovery activity" and will be included in the fixed assets register in the Construction group.

The cost of the discovery includes:

a) the cost of materials and services used or consumed in carrying out the discovery work;

b) the cost of employee benefits arising from the generation of the overdraft asset.

Net value of overdraft assets at 31.12.2023				
Fixed assets December 2023	**Initial sale**	**Depreciation and amortisation**	**Value additions**	**Sold out**
Discover	2.873.279	(1.060.063)	1.009.047	2.822.263
Total	**2.873.279**	**(1.060.063)**	**1.009.047**	**2.822.263**

The discovery is amortised using the straight-line method over 12 years.

Changes in the revaluation reserve during the financial year are shown as follows:

Movements in revaluation reserves	**2023**	**2022**
Revaluation reserve at the beginning of the financial year	**31.455.172**	**31.455.172**
Increases in the revaluation reserve	11.522.210 *	-
Growth through merger	-	-
Revaluation reserve reductions	-	-
Amounts transferred from the reserve during the financial year	-	-
Revaluation reserve at the end of the financial year	**42.977.382**	**31.455.172**

13. FIXED ASSETS (continued)

- The evaluation report was drawn up by DARIAN DRS SA. The subject of the valuation is the fixed assets of land, buildings, special constructions belonging to EURO CARAMIDA SA. The company has been valued on the assumption of compliance with the principle of continuity of activity.

- The approaches/methods applied in the evaluation were:
  - the method of direct comparisons was applied for land
  - for real estate - the pron cost approach - the net replacement cost method, this approach has been applied to assist us in allocating fair value to components

In the Consolidated Statement of Changes in Equity, the revaluation reserve is shown on a net basis.

Tax treatment of the revaluation reserve

Following the amendment of the tax code, as from 1 May 2009, reserves from the revaluation of fixed assets, carried out after 1 January 2004, which are deducted in the calculation of taxable profit by means of tax depreciation or expenses relating to assets disposed of and/or scrapped, are taxed at the same time as the deduction of tax depreciation, i.e. when these fixed assets are written off, as the case may be.

The impact of the revaluation reserve in the deferred tax as at 31.12.2023 is 693,326 lei.

Impairment losses, in accordance with IAS 36, reflected in the income statement

Property, plant and equipment is tested for impairment when facts and circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. To assess impairment, assets are grouped to the lowest level at which there are separately identifiable cash flows.

As at 31 December 2023, the Group has reassessed the factors that could lead to indications of impairment using the same discounted cash flow method as above: The Group considered in the impairment analysis the assets existing as at 31 December 2022 in both the Group's revenue generating "Recea Factory" and "Zalau Factory". Based on the results obtained in 2022 and the estimates for 2023, a 5-year forecast has been prepared in order to achieve a stable cash flow, based on which the terminal value has been calculated.

A post-tax discount rate of 12%, calculated using the Weighted Average Cost of Capital (WACC) / Weighted Average Cost of Capital method, was used to calculate the present value of cash flows. At the end of the 5-year forecast, the value of the Group was determined by the perpetual growth method using a perpetual growth rate of 2%. In order to ensure data certainty on the values obtained, a sensitivity analysis was also performed with 9 terminal value results taking into account both different discount rates (WACC 10.5%, 11.2%, 12%) and different perpetual growth rates (2%, 2.5%, 3%). Discount rates were calculated using the Weighted Average Cost of Capital (WACC) methodology aggregating elements such as market premium, equity risk premium, country risk premium, specific risk premium, beta coefficient using information sources such as Damodaran, publicly available information and activity specific information. Cash flows were projected for a period of 5 years, for the remaining period the residual value was calculated.

When using net working capital in the calculation, only investments to replace existing fixed assets were considered, not additional ones. For the analysis of impairment adjustments, the Group has taken a prudent approach, considering the lowest result (Weighted Average Cost of Capital of 12% and Growth Rate in perpetuity of 2%). Other elements that have improved the result are the loading of the production capacity of the Recea Factory from 67% in 2011 to 100% starting from 2014, as well as the production capacity of the Zalau Factory.

Taking into account the aspects analysed, the Group considers that there is no indication on 31.12.2023 regarding the impairment of assets of the Recea Factory, Zalau Factory. or Euro Caramida factory in Biharia.

14. INTANGIBLE FIXED ASSETS

The structure of intangible assets is:

31-Dec-23				
Intangible fixed assets	**Sold Initial**	**Purchases**	**Additions resulting from the acquisition of Euro Caramida (Note 3)**	**Sold Out**
Development expenditure	1.974.130	2.507.251	-	4.481.381
Concessions, patents licenses	676.532	410.245	5.900.175	6.986.952
Other intangible assets	839.923	1.232.069	9.274.403	11.346.394
Intangible assets in progress	-	-	-	-
Total	**3.490.585**	**4.149.565**	**15.174.578**	**22.814.728**

31-Dec-22			
Intangible fixed assets	**Sold Initial**	**Purchases**	**Sold Out**
Development expenditure	1.941.813	32.317	1.974.130
Concessions. licensed patents	618.884	57.648	676.532
Other intangible assets	796.232	43.691	839.923
Intangible assets in progress	-	-	-
Total	**3.356.929**	**133.656**	**3.490.585**

The structure of amortization and value adjustments for intangible assets is as follows:

31-Dec-23				
Amortization and adjustments Intangible assets 31 December 2023	**Sold Initial**	**Depreciation In year**	**Depreciation Adjustments**	**Sold Out**
Development expenditure	1.564.002	268.329	-	1.832.331
Concessions. licensed patents	299.820	316.517	-	616.338
Other intangible assets	495.386	1.406.763	(18.652)	1.902.149
Total	**2.359.208**	**1.991.609**	**(18.652)**	**4.350.817**

31-Dec-22			
Amortization and adjustments Intangible assets 31 December 2022	**Sold Initial**	**Depreciation In year**	**Sold Out**
Development expenditure	1.327.990	236.012	1.564.002
Concessions. licensed patents	179.991	119.829	299.820
Other intangible assets	293.172	202.214	495.386
Total	**1.801.153**	**558.055**	**2.359.208**

14. INTANGIBLE FIXED ASSETS (continued)

Net value of intangible assets:

Net value of intangible assets:				
	2023		**2022**	
Type of Immobilization	**Inventory Value**	**Net Value**	**Inventory Value**	**Net Value**
Development expenditure	4.481.381	2.649.050	1.974.130	410.128
Concessions, patents licenses	6.986.952	6.370.614	676.532	376.712
Other intangible assets	11.346.394	9.444.245	839.923	344.537
Intangible assets in progress	-	-	-	-
Total	**22.814.728**	**18.463.910**	**3.490.585**	**1.131.377**

The accounting treatment of amortisation of development expenditure is over a period of 5 years. The remaining intangible assets are amortised on a straight-line basis over 3 years. The cost of depreciation is charged to the income statement in the period in which it is incurred, under Depreciation and Amortisation in the Statement of Comprehensive Income.

15. REAL ESTATE INVESTMENT

Investment properties as at 31 December 2023 are shown below. There have been no changes from 31 December 2022:

Fixed Means	**Book value at 31.Dec.2023**	**Transfers**	**Revaluation increases/decreases**	**Book value at 31.Dec.2023**
Land (Zalau- Tunari)	8,780,071	-	-	8,780,071
Construction	105,889	-	-	105,889
	8,885,960		**-**	**8,885,960**

In 2023, the Group did not have a reassessment but obtained a Maintenance Report prepared by AXIS Vector Consulting. Value for the Tunari quarry land. Management considers that there have been no significant changes in the fair value of this land.

16. GOODWILL AND IMPAIRMENT

In 2023 Cemacon SA Group acquired the entity Euro Caramida SA located in Biharia, Bihor County, at a purchase price of 127.488.922 lei. At the date of acquisition, based on the valuation made by the independent appraiser Darian DRS SA, a market valuation of the company was made resulting in an adjusted net asset value of 122,623,364 lei. The difference between the purchase price of 127.488.922 lei and the adjusted net assets was translated into goodwill of 4.865.558 lei.

17. FINANCIAL FIXED ASSETS

Equity investments	**Sold on 31-Dec-23**	**Balance at 31-Dec-22**
Investments in associated entities	1.000	1.000
Total	**1.000**	**1.000**

18. OTHER ASSETS

On 31 December 2023, the Group had 53,876 pieces of greenhouse gas emission certificates at cost, amounting to 26,997,611 lei. These are received free of charge in accordance with the regulations in force and the greenhouse gas emission allowance allocation plan for the period 2021-2025, or purchased by the Company, depending on the number of allowances with which the Group must comply.

Other assets	**Initial sale**	**Purchases**	**Cedari**	**Sold out**
Greenhouse gas emission allowances	16.299.113	23.927.362	(13.228.864)	26.997.611.0
Green certificates	313.478	282.723	(258.362)	337.838.4
Total	**16.612.591**	**24.210.085**	**(13.487.226)**	**27.335.449**

19. INVENTORY

	Sold to	**Sold to**
	31-Dec-23	**31-Dec-22**
Raw materials and consumables	5.865.043	4.637.181
Packaging	4.504.331	4.735.920
Adjustments	(2.274.803)	(2.400.413)
Ongoing production	126.747	139.893
Semi-Finished and Finished Products	25.276.700	13.430.515
Adjustments	(1.227.423)	(328.479)
Marfuri	5.413.239	2.727.871
Adjustments	(276.998)	(362.602)
Total	**37.406.837**	**22.579.885**

The cost of inventories recognised in the income statement has the following structure:

	The financial year ended	**The financial year ended**
Raw materials and consumables	**31-Dec-23**	**31-Dec-22**
Raw materials	15.778.314	17.928.339
Auxiliary materials	5.977.617	7.723.322
Packaging	3.447.665	5.859.453
Marfuri	1.473.814	1.586.174
Inventory items	593.071	511.888
Other consumables	230.108	129.013
Miscellaneous	5.348.269	6.565.391
Total	**32.848.859**	**40.303.581**

In the **miscellaneous** raw materials and materials category, there are expenses for fuel in the amount of RON 2.42 million and expenses for spare parts in the amount of RON 2.50 million (at 31 December 2022: expenses for fuel in the amount of RON 3.12 million and expenses for spare parts in the amount of RON 3.39 million).

Inventory adjustments

Where necessary, adjustments are made for Inventory, physically or morally worn. Net realisable value is estimated on the basis of the selling price less selling expenses.

19. INVENTORY (continued)

Adjustment element	Sold to 31-Dec-23	Sold to 31-Dec-22
Impairment adjustments on Inventory built up in the year	3.091.495	(1.306.288)
Impairment adjustments on Inventory reversed in the year	(917.280)	393.389
Net result	**2.174.215**	**(912.899)**

Impairment adjustments established in 2023 relate to inventories that are no longer within the appropriate technical parameters.

The reversal of impairment adjustments in 2023 was made as a result of the sale, consumption and disposal of assets for which impairment adjustments were made in prior years, so the adjustment no longer applies at the end of the reporting period.

Guaranteed:

1. Movable hypothec on present and future receipts and the balance of current accounts and sub-accounts.
2. Movable hypothec on present and future receipts and current balances and other sub-accounts.

20. TRADE AND OTHER RECEIVABLES

Trade and similar receivables	Sold to 31-Dec-23	Sold to 31-Dec-22
Commercial creditor	35.539.906	26.231.945
Adjustments for trade receivables	(5.026.226)	(1.623.228)
Claims with related parties	943.010	-
Corporate tax	1.047.017	5.086.507
Other claims on the state budget	1.054.322	864.365
Grants	2.593.206	630.237
Sundry debtors and other receivables	1.670	301.501
Total financial assets other than cash classified as loans and receivables	**36.152.904**	**31.491.326**
Advances and advance expenses	3.254.489	18.757.323
Total	**39.407.393**	**50.248.650**

The structure of receivables by age as at 31 December 2023 is as follows:

Age analysis	Sold on 31-Dec-23	Balance at 31-Dec-22
Nescent creeping	38.386.233	40.904.906
Adjusted outstanding claims	-	-
up to 3 months	6.033.384	8.738.811
between 3 and 6 months	2.887.892	- 244.276
between 6 and 12 months	(101.657)	- 76.778
over 12 months	999.110	925.986
Total	**48.204.961**	**50.248.649**

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Adjustments	Sold on 31-Dec-23	Balance at 31-Dec-22
At the beginning of the period	1.623.228	1.458.464
Constituted during the year	2.333.678	784.512
Costs in the period with irrecoverable debts	-	-
Cancellations of unused adjustments	664.027	619.748
Exchange rate difference	-	-
At the end of the period	**3.292.879**	**1.623.228**

Adjustments accrued during 2023, increased as shown in the matrix of uncollected balances by client.

For trade receivables, the Group has established a provisioning matrix based on the Group's historical credit loss experience, adjusted for prospective factors specific to borrowers and the economic environment.

In order to reduce credit risk, the Group has taken out commercial credit insurance with the Coface Group. As at 31 December 2023, the number of clients insured with Coface is 12 9. The total value of these insured limits provides significant coverage for the risk of non-recovery.

Guaranteed:

3. Movable hypothec on present and future receipts and the balance of current accounts and sub-accounts.
4. Movable hypothec on present and future receipts and current balances and other sub-accounts.

As at 31 December 2023, 99% of the registered trade receivables are insured by Coface.

The financial risk generated by transactions in foreign currency has little impact on the Group's operating activity; sales and receipts are made in national currency (lei) without the sales price being affected by exchange rate fluctuations, and purchases in foreign currency are below the threshold of 23% of turnover.

The Group's liquidity policy is to maintain sufficient liquid resources to meet its obligations as they fall due. The Group monitors liquidity through a regular budgeting process.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	Sold on 31-Dec-23	Balance at 31-Dec-22
Available in the bank	88.063.874	133.896.748
Cash and cash equivalents	-18.988	13.138
Total	**88.044.885**	**133.909.885**

As at 31 December 2023 there are no financial instruments that generate credit risk exposures that are pledged. The balances of foreign currency denominated cash accounts as at 31.12.2020 are not material.

22. TRADE AND SIMILAR DEBTS

Trade and similar debts	Sold to 31-Dec-23	Sold to 31-Dec-22
Trade debts	15.774.475	17.179.797
Providers of fixed assets	2.568.079	7.479.514
Intra-group debts	6.117	11.239
Leasing liabilities	487	2.838
Debts to employees	3.412.923	2.081.858
Taxes and social contributions	483.120	1.065.719
Other tax liabilities	4.518.689	745.965
Other debts	14.307.715	13.568.543
Total debts (less loans)	**41.071.605**	**42.135.473**
Advances	3.391.411	425.669
Income in advance	7.301.031	4.651.820
Total	**51.764.048**	**47.212.962**

23. FINANCIAL INSTRUMENTS

The Group is mainly exposed to EURO and USD. The financial risk generated by foreign currency transactions has a small impact on the Group's operating activity; sales and receipts are made in national currency (lei) without the sales price being affected by exchange rate fluctuations, and purchases in foreign currency are below the threshold of 23% of turnover.

The Group does not use derivatives to mitigate this risk.

The carrying amounts of the Group's monetary assets and liabilities denominated in foreign currencies at the reporting date are as follows:

1. Foreign Exchange Allocation

31 December 2023	RON	EUR	Total
Trade and other receivables	36.815.777	2.591.616	39.407.393
Cash and cash equivalents	79.390.252	8.654.633	88.044.885
Total monetary assets	116.206.029	11.246.249	127.452.278
Trade and other debts	49.191.306	2.572.742	51.764.048
Loans	26.755	82.453.995	82.480.750
Debts from leasing operations	-	5.307.628	5.307.627
Obligations from leasing	2.454.964	105.057	2.560.021
Total monetary liabilities	51.673.025	90.439.423	142.112.446
Net exposure	**64.533.004**	**(79.193.174)**	**(14.660.168)**

23. FINANCIAL INSTRUMENTS (continued)

2. Breakdown by deadline

31 December 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and other receivables	39.407.393	-	-	-	39.407.393
Cash and cash equivalents	88.044.885	-	-	-	88.044.885
Total financial assets	**127.452.278**	-	-	-	**127.452.278**
Trade and other debts	51.764.048	-	-	-	51.764.048
Loans		-	-	-	-
Debts from leasing operations	816.258	851.860	2.853.728	785.782	5.307.627
Lease obligations	1.503.553	1.056.466	-	-	2.560.021
Total financial liabilities	**54.083.859**	**1.908.326**	**2.853.728**	**785.782**	**59.631.696**
Net exposure	**73.368.419**	**(1.908.326)**	**(2.853.728)**	**(785.782)**	**67.820.582**

Description :	Value	Euribor 6 months (12/01/2023)	Bank Margin	Total interest rate 2024 (RON)
Loans (balance 31.12.2023)	82,453,995	4.004%	0.900%	4,043,544
Hypothesis: 10% interest rate increase		14.004%	0.900%	12,288,943
Interest rate differential:				8,245,400

We consider that the interest difference can be covered on a cash-flow basis.

In the course of business, the company is exposed to a variety of financial risks including:

- **Credit risk**

The Group has adopted a policy of transacting only with reputable parties, parties that have been evaluated for credit quality, taking into account financial position, past experience, and other factors, and, in addition, and to obtain guarantees or advances, when appropriate, as a means of reducing the risk of financial loss from contract default. The Group's exposure and credit ratings of third party contractors are monitored by management.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset. Credit risk refers to the risk that a third party will default on its contractual obligations, thereby causing financial losses to the Group.

Trade receivables come from a large number of customers, from a variety of industries and geographic areas. Ongoing credit assessment is carried out on the financial condition of clients and, where appropriate, credit insurance is provided.
The Group has policies that limit the amount of exposure for any financial institution.

The carrying amount of receivables, net of provision for receivables, plus cash and cash equivalents, represents the maximum amount exposed to credit risk. Although the collection of receivables could be influenced by economic factors, management considers that there is no significant risk of loss to the Group beyond the provisions already recorded.

The Group considers credit risk exposure to counterparties or groups of counterparties with similar characteristics by analysing receivables individually and making impairment adjustments.

23. FINANCIAL INSTRUMENTS (continued)

- **Liquidity risk**

The Group manages liquidity risks by maintaining adequate reserves, bank facilities and standby borrowing facilities, continuously monitoring actual cash flows and matching the maturity profiles of financial assets and liabilities. Each Group company prepares annual and short-term (weekly, monthly and quarterly) cash flows. Working capital financing needs are established and contracted on the basis of budgeted cash flows. Investment projects are only approved with a concrete financing plan.

- **Market risk**

The Group's activities expose it primarily to financial risks relating to fluctuations in foreign exchange rates (see below) and interest rates (see below).

The Group's management continuously monitors its risk exposure. However, the use of this approach does not protect the Group from the occurrence of losses outside foreseeable limits in the event of significant market fluctuations. There has been no change from the previous year in the Group's exposure to market risks or in the way the Group manages and measures its risks.

- **Financial risk**

The Group's Treasury Department provides the necessary services to the business, coordinates access to the domestic financial market, monitors and manages the financial risks related to the Group's operations through internal risk reports, which analyse exposure by degree and size of risk.

These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

24. CAPITAL MANAGEMENT

The Group's objective in terms of capital management is to maintain its ability to continue as a going concern in order to provide compensation to shareholders and benefits to other stakeholders and to maintain an optimal capital structure.

The Group monitors capital on the basis of gearing, calculated as net debt divided by total capital.
Net debt = total borrowings (current and long-term loans) less cash and cash equivalents.

Total capital = equity plus net debt.

Gear ratio		**31 December 2023**	**31 December 2022**
Cash and cash equivalents	1,	88.044.885	133.909.885
Loans	2,	82.453.995	-
Leasing debts	3,	7.867.648	10.038.870
Net debt/(assets)	4=2+3-1	**2.276.758**	**-123.871.015**
Total equity	5,	403.745.844	371.497.182
Net debt/equity ratio	4/5*100	**0.563**	-33.34

Loan contracts

Under the terms of the main loan facilities, Group companies must comply with several financial covenants. The Group complied with these covenants during the reporting period.

Dividends

No dividends were distributed to the owners of the parent company during the reporting periods.

25. TAXATION

In 2022 the Group had no loans from banks.

The classification of short-term and long-term loans as at 31 December 2023 is as follows:

Current Loans	**31-Dec-23**
Short-term loans and overdrafts	12.685.230
Current portion of long-term loans	-
Guarantees granted	71.795
Loans to non-specialised institutions	-
Leasing	2.319.811
Loans from related parties	-
Total current loans	**15.076.836**

Long-term part	**31-Dec-23**
Long-term loans	69.768.765
Guarantees granted	6.357.251
Leasing	5.547.838
Loans from related parties	-
Total long-term loans	**81.673.854**

Loan details:

Credit institution	**31-Dec-23**	
	READ	**EURO**
BT	82.453.995	16.575.000
Total	**82.453.995**	**16.575.000**

Credit destination: financing of 70% of the total purchase price of EuroCaramida.
The amount of the loan taken up is €17,850,000
Guaranteed:
1. Movable hypothec on present and future receipts and on the balance of current accounts and sub-accounts
2. Other guarantees: mortgage on the shares acquired by Cemacon SA in the share capital of Euro Caramida SA, based on the Valuation Report dated 04.04.2023.

For the entire duration of the loan 20.08.2023-22.05.2030 the interest rate is composed of EURIBOR 6 months + bank margin 0.9%.

As at 31 December 2023, the Company has fulfilled the financial conditions set out in the loan agreement.

26. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-numbered changes				
	1 January 2023	Flows from financing activities	Subsidiary acquisition	New leases	Other changes	Curreny impact	31 December 2023
Bank loans (note 25)	-	82.212.936	-	-	-	267.814	82.480.750
Leasing (note 32)	10.038.871	-2.203.180	-	-	-	31.958	7.867.649
Total liabilities from financing activities	**10.038.871**	**80.009.756**	**-**	**-**	**-**	**299.772**	**90.348.399**

27. EMPLOYEE BENEFITS

The employee benefit liability consists of holiday pay, which is granted annually for leave taken in the reporting year. For leave not taken, the Group establishes a provision at the end of the year.

Upon retirement according to the collective labour agreement valid for the year 2023, employees will receive the following allowances only once, depending on the length of service in the Company:

< 5 years	0
5 - 20 years	1 individual salary at the date of retirement
> 20 years	2 individual salaries at the date of retirement

For this type of indemnity, the Group has made a provision for the value of the benefits granted on retirement.

For details see Note 28. Provisions.

	Sold to	Sold to
Employee benefits	**31-Dec-23**	**31-Dec-22**
Retirement benefits	2.877.336	2.848.866
Provision for annual leave	1.085.287	248.742
Employee bonuses	4.216.841	2.153.504
Management bonuses	3.257.051	5.397.181
Total	**11.436.515**	**10.648.293**

For more details see Note 2.

Benefit structure	Sold on 31-Dec-23	Balance at 31-Dec-22
Short term	8.559.179	7.799.427
Long term	2.877.336	2.848.866
Total	**11.436.515**	**10.648.293**

28. PROVIZIOANE

The structure of provisions as at 31 December 2023 is as follows:

Provizion	Initial sale	Additional provisions	Amounts used	Sold out
Litigation	50.000	-	-	50.000
Unused leave	466.616	618.671	-	1.085.287
Pensions	2.848.866	28.470	-	2.877.336
Providing environmental restoration	2.205.631	-	(12.797)	2.192.834
Provision of employee bonuses	2.379.865	3.990.480	(2.153.504)	4.216.841
Provision bonus management	5.191.882	3.051.753	(5.191.882)	3.051.753
Provision for administrators' bonuses	205.298	-	-	205.298
Provision for interest and tax control penalties	-	1.394.004	-	1.394.004
Total	**13.348.158**	**9.083.377**	**(7.358.183)**	**15.073.353**

The short and long term presentation of provisions is:

Provision structure	Short term	Long term
Litigation	50.000	-
Unused leave	1.085.287	-
Pensions	-	2.877.336
Providing environmental restoration	2.192.834	-
Other provisions	8.867.896	-
Total	**12.196.017**	**2.877.336**

The Group has made provisions for future cash outflows as a result of past events:

- Provision for untaken leave: the Group has recorded provisions for the expense of untaken leave by employees during 2023. The provisioned amounts have been estimated based on the number of leave days relating to 2023 remaining to be taken by the Company's employees and the related leave allowances. The Group estimates that the amounts relating to these provisions will be realised during 2024.

- Provisions for environmental restoration: as the Group also carries out activities related to the exploitation of mineral resources (clay), it is obliged to incur environmental restoration expenses related to the exploited perimeters according to the exploitation licences. The related expenses are expected to be incurred towards the end of the operating period, which is why the Group has set up provisions for these expenses.

- Provisions for employee and management bonuses in this category include provisions relating to bonuses for which the Group expects to realise short-term cash outflows of uncertain value. In estimating these amounts the Group has used its best estimates and knowledge of the underlying facts as at 31 December 2023.

- The provision for interest and penalties was established following the tax audit for the years 2017 - 2022 which took place between May 2023 and February 2024.

29. INVESTMENT GRANTS

Investment grants	Sold on 31-Dec-23	Balance at 31-Dec-22
Current	3.460.812	766.040
Long-term	16.175.142	6.735.832
Total	**19.635.954**	**7.501.872**

The total amount of subsidies as of 31.12.2023 is composed of:

8.917.131	lei	Grant within the project with Norwegian Funds, for construction, equipment and electric pumps Special products factory.
1.878.640	lei	Grant in the framework of the project with Norwegian Funds for On-Grid Photovoltaic System 1.0096 MWP;
175.715	lei	Grant within the POCU3 project Evolution in the digital era.
629.365	lei	subsidy received in 2010 from EBRD sources - for energy efficiency new brick factory in RECEA
28.388	lei	operating grant received in 2019, POCU 2
4.933.204	lei	grant received within the project with non-reimbursable funds POIM 6.4 SMIS 2014+119391 Cogeneration Plant. "Optimization of primary energy consumption in CEMACON SA by installing a high efficiency cogeneration plant"
685.328	lei	grant received within the project with non-reimbursable funds POIM 6.2 SMIS 2014+127985 Monitoring energy consumption
2.388.183	lei	grant received in the framework of the project Modernisation of activities to support the alleviation of the effects caused by the crisis in the context of the COVID 19 pandemic.
19.635.954	**lei**	**TOTAL**

As at 31 December 2023, the conditions for the subsidies have been met.

30. SHARE CAPITAL

As of 31 December 2023 the share capital structure is:

Share capital structure	Sold on 31-Dec-23	Balance at 31-Dec-22
Subscribed paid-in share capital	93.531.042	93.531.042
Items treated as capital	9.214.349	9.214.349
Total share capital	**102.745.391**	**102.745.391**

30. SHARE CAPITAL (continued)

On 31 December 2023 the structure of the paid-up subscribed share capital is:

Share capital structure	**Sold on 31-Dec-23**	**Balance at 31-Dec-22**
Number of authorised shares	935.310.418 pcs	935.310.418 pcs
Number of subscribed and paid shares	935.310.418 pcs	935.310.418 pcs
Number of subscribed and unpaid shares	-	-
Nominal value of a share	0.10 lei	0.10 lei
Value of share capital	**93,531,042 lei**	**93,531,042 lei**

All Cemacon shares are common and have the same voting rights. All shares of Euro Caramida SA are held by Cemacon SA.

The capital structure movements during 2023 can be seen in the table below:

	31-Dec-23		**31-Dec-22**	
	Number	**Value**	**Number**	**Value**
Ordinary shares at 0.10 lei each	935.310.418 pcs	935,310,418 lei	505,653,533 pcs	505,653,533 lei
Reductions through loss consolidation.			-	-
Issues during the year	-	-	429,656,885 pcs	429,656,885 lei
Acquisition of own shares			-	-
Total	**935.310.418 pcs**	**935,310,418 lei**	**935.310.418 pcs**	**935,310,418 lei**

The shareholder structure as of 31 December 2023 is composed of:

Shareholder	**Actions**	**Percent**
PAVAL HOLDING SRL	753.963.090	80.6110%
INDUSTRIAL BIP	156.730.172	16.7570%
Other shareholders / Others	24.617.156	2.632%
TOTAL	**935.310.418**	**100%**

Source: CENTRAL DEPOSITARY Date: 12/31/2023

The shareholder structure as of 31 December 2022 is composed of:

Shareholder	**Actions**	**Percent**
PAVAL HOLDING SRL	731.442.021	78.2031%
INDUSTRIAL BIP	156.730.172	16.7570%
Other shareholders / Others	47.138.225	5.0399%
TOTAL	**935.310.418**	**100%**

Source: CENTRAL DEPOSITARY Date: 12/31/2022

Premiums related to the issue of shares			
31-Dec-23			
	Initial sale	**Entries**	**Sold out**
Share premium	21.735.848	-	21.735.848
Total Share premium	21.735.848	-	21.735.848

31. RESERVES

The following describes the nature and type of each equity reserve:

Type reserve	Description and purpose
Legal reserve	They are constituted annually from the Group's profits in the rates and limits provided by law. In the year 2023 the limits are 5% applied on the accounting profit until 20% of the paid-up subscribed capital is reached. At the end of 2023, the Group's reserves had not reached 20% of the subscribed capital, which is why in 2023 reserves were set up in the amount of 1,554,386 lei.
Revaluation reserves	Revaluation reserves are made up of differences resulting from the revaluation of tangible fixed assets. Revaluation reserves are recorded for each type of fixed asset and for each revaluation operation that has taken place.
Reserves on reinvested earnings	In 2023, the Group recorded in other reserves the amount of 29,533,341 lei representing the amount of profit for which the tax exemption on reinvested profit was applied. This reinvested profit represents the purchase of equipment in group 2.1 and 2.2.9, respectively, as per the provisions of the Tax Code.
Other reserves	There are other reserves not provided for by law which have been constituted by voluntary on account of net profit to cover accounting losses or for other purposes, according to the resolution of the general meeting of shareholders, in compliance with legal provisions.

The above reserves may only be distributed in accordance with the law.

The movements in reserves in the financial year ending 31 December 2023 are:

Type reserve 2023	Initial sale	Majorari	Diminuari	Sold out
Legal reserves	13.361.889	1.554.386	-	14.916.275
Revaluation reserves	31.455.172	11.522.211	-	42.977.383
Reinvested earnings reserves	51.478.669	29.533.342	-	81.012.011
Other reserves	1.700.933	-	-	1.700.933
Total	**97.996.663**	**42.609.939**	**-**	**140.606.602**

32. LEASING AND RIGHT OF USE OF ASSETS

As at 31 December 2023, the Group had entered into leasing contracts with the following leasing companies:

Leasing group	Leased goods
UNICREDIT LEASING CORPORATION IFN	Machinery and equipment
BT LEASING	Machines

For leases that were previously classified as finance leases in accordance with IFRS 16, the carrying amount of assets and finance lease liabilities measured in accordance with IFRS 16 immediately prior to the date of initial application have been reclassified to the right-of-use line of assets respectively lease liabilities without adjustment, Also, for leases, the Group has applied the IFRS 16 treatment.

Thus, the situation of the right of use of the leased assets as of 31 December 2023 is as follows:

Right of use	Construction	Machines	Tools	Total
Value on 1 January 2023	**7.360.188**	**1.164.872**	**13.961.799**	**22.486.859**
Majorari	383.992	437.341	-	821.333
Lease transfers-issue	-	549.646	-	549.646
Value at 31 December 2023	**7.744.180**	**1.052.566**	**13.961.799**	**22.758.545**

32. LEASING AND RIGHT OF USE OF ASSETS (continued)

Depreciation	Construction	Machines	Tools	Total
Value on 1 January 2023	2.279.253	246.954	2.934.285	5.460.492
Depreciation in year	761.611	169.354	827.236	1.758.200
Depreciation of leased MF	-	-67.514		-67.514
Value at 31 December 2023	3.040.864	348.794	3.761.521	7.151.178
Net value	**4.703.316**	**703.772**	**10.200.278**	**15.607.365**

The situation of lease liabilities as at 31 December 2023 is as follows:

Assets under leasing 2023	Initial sale	Majorari	Diminuari	Sold out
Machines	334.530	4.800	314.341	24.989
Tools	4.064.656	3.384	1.533.007	2.535.033
Construction	5.639.685	503.461	835.518	5.307.628
Total	**10.038.871**	**511.645**	**2.682.866**	**7.867.650**

The maturity of lease payments in the period 2023 is shown in the following table:

Lease Payments Due 2023	Total value	Interest rate	Net value
Year 1	2.673.264	353.452	2.319.811
Year 2	2.161.993	253.664	1.908.329
Year 3	1.086.517	192.064	894.453
Year 4	1.086.517	143.322	943.195
Year 5	1.098.141	82.061	1.016.081
Over 5 years	814.885	29.103	785.782
Total	**8.921.317**	**1.053.667**	**7.867.650**

The lease payments due in 2022 are shown in the table below:

Lease Payments Due 2022	Total value	Interest rate	Net value
Year 1	3.005.747	459.557	2.546.190
Year 2	2.579.650	317.581	2.262.069
Year 3	2.072.738	215.252	1.857.486
Year 4	997.369	156.189	841.179
Year 5	997.369	114.130	883.238
Over 5 years	1.745.393	96.684	1.648.709
Total	**11.398.265**	**1.359.394**	**10.038.871**

33. TRANSACTIONS WITH RELATED PARTIES

The affiliated parties of the Group in 2023 are:

- DEDEMAN SRL with headquarters in Mun. Alexei Tolstoi Street, nr. 8, Bacău County, CUI: 2816464, Ord.Reg.Com. no.: J04/2621/1992 significant shareholder;
- PIF INDUSTRIAL SRL with headquarters in Mun. Alexei Tolstoi, nr. 8, Bacău County, CUI: 18227759, Ord.Reg.Com. no.: J04/2200/2005 - shareholder (acting in concert with Dedeman SRL);
- DEDEMAN AUTOMOBILE SRL with headquarters in Mun. Bacău, Republicii Street, nr. 185, Bacău County, CUI: 15934070, Ord.Com. no.: J04/ 1513/2003 - company of the Dedeman group;
- PAVAL HOLDING SRL with headquarters in Mun. Alexei Tolstoi Street, nr. 8, Bacău County, CUI: 39895050, Ord.Reg.Com. no.: J04/ 1405/2018 - a company of the Dedeman group;
- Sologon Daniel - General Manager and Chairman of the Board of Directors

32. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

- Karina Paval - CA member
- Dana-Rodica Beju - Board member
- Dragos Paval - Board member
- Adrian Fercu - Board member

Transactions with related parties are summarised in the table below:

	Sales	Sales	Purchases	Purchases	Loans Granted	Loans Granted
Affiliated Parties	**1 Jan-31 Dec 23**	**1 Jan-31 Dec 22**	**1 Jan-31 Dec 23**	**1 Jan-31 Dec 22**	**1 Jan-31 Dec 23**	**1 Jan-31 Dec 22**
Dedeman SRL	9.820.202	20.061.585	109.927	191.239	-	-
Total	**9.820.202**	**20.061.585**	**109.927**	**191.239**	**-**	**-**

Balances with related parties are summarised in the following table:

	Creator with related parties	Creator with related parties	Debts to related parties	Liabilities to related parties	Balance Borrowing from related parties	Balance Borrowing from related parties
Affiliated Parties	**31-Dec-23**	**31-Dec-22**	**31-Dec-23**	**31-Dec-22**	**31-Dec-23**	**31-Dec-22**
Dedeman SRL	943.010	9.023	6.117	11.239	-	-
Total	**943.010**	**9.023**	**6.117**	**11.239**	-	-

34. ACCOUNTING PRESENTATION ERRORS

Following the tax audit, initiated by A.J.F.P Salaj, which took place between May 2023 and February 2024, the treatment of the reinvested profit tax facility, as well as the treatment of advertising and publicity expenses, for the period 2017-2022, was partially reclassified.

The reclassification resulted in an additional income tax payable of 2,499,091 lei.

Of the total amount, 2,290,928 relates to the period 2017-2021, affecting retained earnings. The amount of 208,163 is established for the year 2022, which is why the Profit and Loss Account for the period ending 31.12.2022 has been restated.

This treatment involves the restatement of prior periods, at the presentation level, on the lines in the financial statements.

The changes arising from this, both in the Balance Sheet and Profit and Loss Account, are shown below:

Balance line	01.01.2022 restated	01.01.2022 reported	31.12.2022 restated	31.12.2022 reported
Income tax liabilities	3.266.618	975.690	2.499.091	-
Reported result	104.398.871	106.689.799	152.527.603	155.026.694

Profit and loss account line	31.12.2022 restated	31.12.2022 reported
Income tax expenses	6.313.031	6.104.868
Profit	71.649.972	71.858.135

35. SUBSEQUENT EVENTS

This is not the case.

36. OTHER INFORMATION

Fees paid to auditors:

All fees paid relate to audit services on the consolidated financial statements prepared by the Company in accordance with IFRS. The auditor's fee for the year 2023 is EUR 87,000, in accordance with the contract between the parties. The Group's auditor is Deloitte Audit SRL.

Amendments:

The trustees do not have the right to subsequently amend the financial statements.

The financial statements together with the notes to the financial statements are authorised for issue on 30 April 2024.

There is no possibility that the financial statements will be amended after they have been issued.

37. CONTINGENCY

Taxing

The GROUP considers that it has paid on time and in full all fees, taxes, penalties and penalty interest to the extent applicable.

All amounts due to the State for taxes and duties have been paid or recorded at the balance sheet date. The tax system in Romania is in the process of consolidation and harmonization with European legislation, and there may be different interpretations of the authorities in relation to tax legislation, which may give rise to additional taxes, duties and penalties. In case the state authorities discover violations of the Romanian legal provisions, they may determine as appropriate: confiscation of the amounts in question, imposition of additional tax obligations, application of fines, application of late payment surcharges (applied to the amounts actually outstanding). Therefore, the tax penalties resulting from violations of legal provisions can reach significant amounts to be paid to the State.

In Romania, the tax year remains open for audits for a period of 5 years.

Transfer price

Under the relevant tax legislation, the tax assessment of a related party transaction is based on the concept of the market price of that transaction. Based on this concept, transfer prices must be adjusted to reflect the market prices that would have been established between entities between which there is no affiliation and which act independently, based on "normal market conditions".

It is likely that transfer pricing audits will be carried out in the future by the tax authorities to determine whether transfer prices comply with the "arm's length" principle and that the Romanian taxpayer's tax base is not distorted.

These financial statements were signed and approved on March 29, 2024 by:

General Director	**Financial Director**
Sologon Daniel	**Cojocaru-Lungu Bogdan**
Signature ______________	**Signature ______________**

The information contained in this document is presented in accordance with IFRS (International Financial Reporting Standards) and has been audited in accordance with applicable legal regulations. The Company has made every effort to ensure that the information presented is complete, accurate and free from material error. Where appropriate, both the company and management have used professional judgement in conjunction with Interim Financial Reporting Standards to present information in a manner consistent with the specifics of the business. Interpretation of the information presented in this document should be made in accordance with these standards. In case of omissions or different interpretations from the regulations mentioned, the provisions of the International Financial Reporting Standards (IFRS) shall apply. This document was translated using automated translation software any missunderstanding or missinterpretation sould be compared to the prevailing Romanian version of the document.

REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31.12.2023 OF CEMACON GROUP

Annual report according to Annex 15, ASF Regulation no. 5/2018

For the financial year

2023

Report date

25.03.2024

Group name:

Cemacon

1. Group Description

Cemacon Group is made up of 2 companies:

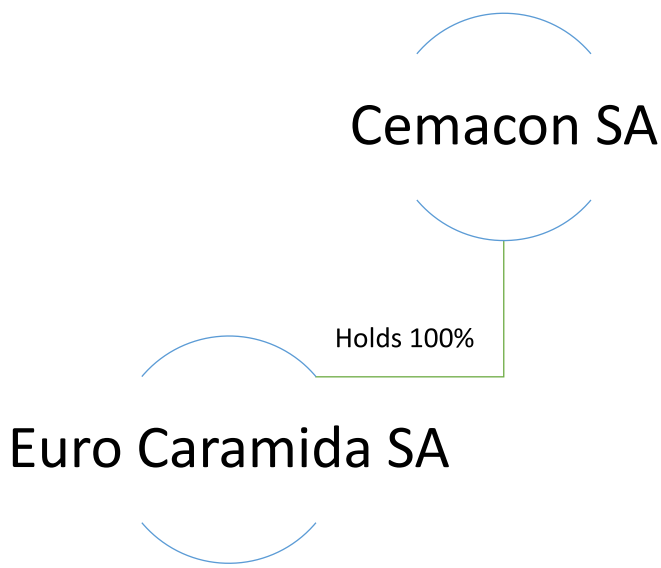
Cemacon SA, is a Romanian legal entity, established as a joint-stock company on the basis of HG no.1200/1991 with registered office in Cluj-Napoca, Calea Turzii, no.178 K, 1st floor, jud. Cluj, unique registration code RO 677858 and registration number at the Trade Register J12/2466/13.09.2012.
The company's main activity is "Manufacture of bricks, tiles and other construction products, of fired clay" - CAEN code 2332.

if

Euro Caramida SA, is a Romanian legal entity, established as a joint-stock company, with registered office in Jud. Bihor, Comuna Biharia, Str. Caramizii, Nr.1, unique registration code RO 16131690 and registration number at the trade register J05/209/2004. The company's main activity is "Manufacture of bricks, tiles and other construction products from fired clay" - CAEN code 2332.

Euro Caramida SA is 100% controlled by Cemacon SA.

The structure of the Group is shown in the following graph:



The group's principle activity is to produce and sell ceramic blocks, bricks and facing bricks.

2. Intercompany transactions

Affiliated Parties	Sales of goods/services 1 Jan - 31 Dec 2023	Purchases of goods/services 1 Jan - 31 Dec 2023
Euro Caramida SA	1.873.493	22.052.310
Total	**1.873.493**	**22.052.310**

The intercompany balances at 31.12.2023 are:

Affiliated Parties	Receivables from related parties 31-Dec-23	Liabilities to related parties 31-Dec-23	Loan balance to related parties 31-Dec-23
Euro Caramida SA	1.139.783	6.095.422	18.267.679
Total	**1.139.783**	**6.095.422**	**18.267.679**

3. Analysis of Cemacon SA commercial activity

3.1. Description of the Company's Basic Activity

Description of the basic activity

The main activity profile of the company is the production and marketing of clay masonry elements for use in civil and industrial construction works.

More than 50 years of experience and a constant desire to innovate have left their mark on the evolution of the company. By improving and diversifying the range of products, the company has managed to maintain over the years an upward evolution, recording constant increases in productivity and reaching the top of the Romanian masonry systems manufacturers.

Since autumn 2010, the company has been operating the production line of ceramic blocks in Recea commune, county of Recea. Salaj with an installed capacity of 385.000 m3/year, investment carried out between 2008-2010. Since 2018, the company has been operating the brick factory, and from June 2023 the brick factory has been put into operation in the same location in Salaj county. In order to expand the area of efficient coverage of delivery areas, in 2023 CEMACON acquired a production unit in Biharia in Bihor county, with the main profile of activity the production of masonry elements from fired clay.

The production lines operated at capacity, with no major interruptions in the production flow, which allowed significant operational synergies to be achieved, with a direct impact on production cost and profitability.

Specification of the date of establishment of the company

The company was founded in 1969 and is currently listed on the Bucharest Stock Exchange, standard category, under the symbol CEON. The year 2010 marked the implementation of a turnaround management process that radically changed the company's performance, with innovation and performance becoming core principles.

Since 2017, DEDEMAN - a national leader in the retail of building materials and interior design, with 100% Romanian capital, operating a network of more than 50 stores - joined the company's shareholding.

During 2018, DEDEMAN, acting in concert with PIF INDUSTRIAL SRL and Paval Holding SRL, became the largest shareholder of Cemacon S.A. reaching by the end of 2020 a holding of over 90% of the company's share capital. At the beginning of 2021, DEDEMAN transferred its stake in Cemacon to Paval Holding, the investment vehicle of the DEDEMAN group. Currently, Cemacon is owned by Paval Holding and PIF Industrial SRL.

Cemacon's shareholding structure on 31.12.2023 is as follows:

Shareholder	**Actions**	**Percent**
PAVAL Holding SRL	753.963.090	80,6110%
INDUSTRIAL BIP	156.730.172	16.7570%
alti actionari / others	24.617.156	2.6320%
TOTAL	**935.310.418**	**100.0000%**

Source: CENTRAL DEPOSITARY Date: 12/31/2023

Cemacon's headquarters are in Cluj-Napoca. Production is mainly ensured by the factory in Recea, Salaj county, where the company uses the most modern production line in South-Eastern Europe, as well as by the factory in Zalau. The production of buiandrugi is ensured by the factory in Recea, Salaj county. Starting with the summer of 2023, CEMACON has acquired the Euro Caramida ceramic blocks factory in Bihor county where it operates a production line, the second line being in the process of modernization and refurbishment, and will enter into production in the summer of 2024.

On 31.12.2023, the group had 331 employees, the average number of employees in 2023 being 338.

Cemacon has an extensive national distribution network, currently with over 420 outlets across the country.

Description of any significant mergers or reorganisations of the company, its subsidiaries or controlled companies during the financial year.

This is not the case

Description of acquisitions and/or disposals of assets

The main acquisitions and sales of assets in the period January-December 2023 are shown in the following table:

Intangible assets	**Purchases**	**Cedari**
Licence, patent	6,310,420	0
Development expenditure	2,507,251	0
Other intangible assets	34,716,557	13,487,226
Total	**43,534,228**	13,487,226
Tangible fixed assets		
Land	30,375,214	
Land improvements	0	
Construction	71,602,356	2,039,575
Machinery, Plant and Equipment	97,441,616	2,245,538
Office Furniture and Equipment	521,571	9,738
Total	**199,940,757**	**4,294,851**

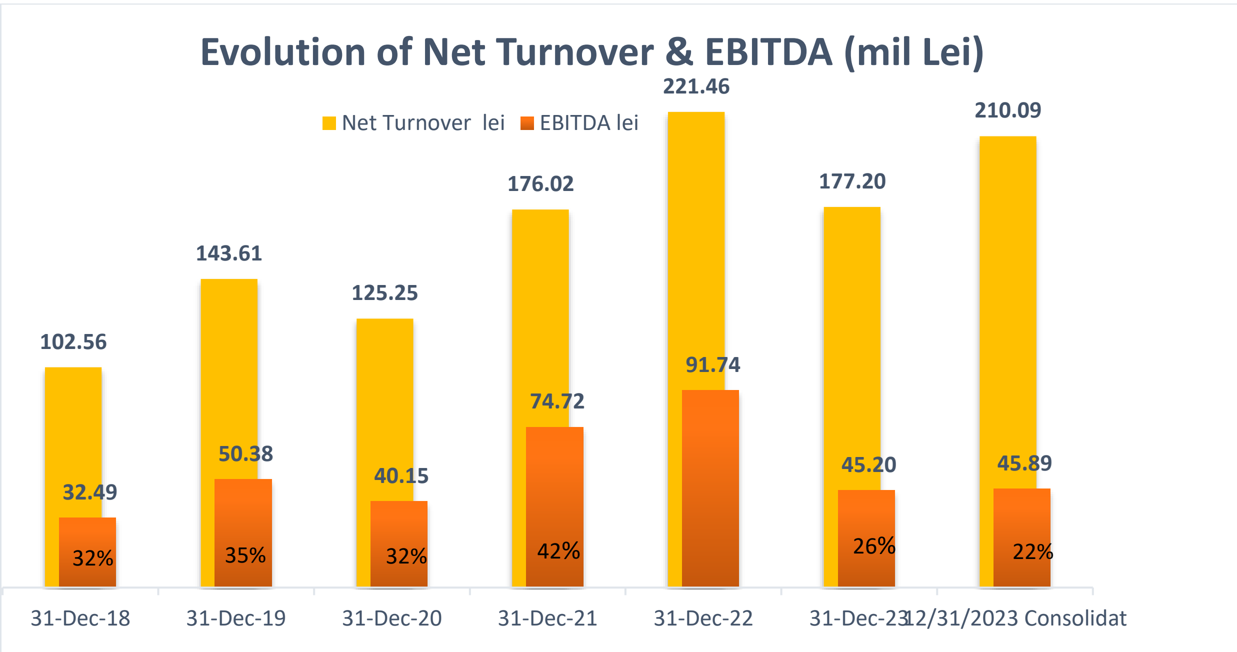
In 2023, Cemacon SA completed the implementation of investments started in 2022, including a photovoltaic park with an installed capacity of 1 MWH financed through the Norwegian Financial Mechanism 2014-2021, Energy in Romania Programme Call 3.1. Also, at the Euro Caramida factory in Biharia, a European grant for the installation of photovoltaic panels was accessed prior to the takeover by Cemacon and is currently being implemented.

Description of the main results of the evaluation of the company's activity

3.1.1. Elements of General Evaluation of society:

(profit, turnover, export, costs, % of market, liquidity)

Evolution of Cemacon and Cemacon Group Net Turnover & EBITDA 2023



Evolution of Sales Revenue and EBITDA at CEMACON Group level:

The table below shows the main indicators at individual Cemacon level and consolidated with Euro Brick.

Indicator(mil lei)	2019	2020	2021	2022	2023	2023 Consolidated
Net turnover (million lei)	143,61	125,25	176.02	221.46	177.2	210
EBITDA (mil lei)	50,38	40,15	74.72	91.74	45.2	45.89
Financial result (mil lei)	-1,33	-1,13	0.31	3.4	2.6	1.8
Net result (million lei)	34,10	22,54	54.85	71.85	31.08	26.2

3.1.2. Technical Level Assessment of Cemacon Group

Description of the main products and/or services provided, specifying

a) ***the main markets for each product or service and the methods of distribution***

CEMACON SA and Euro Caramida SA have a combined market share estimated at 28% nationally. This result was achieved through the acquisition of the Euro Caramida factory and the involvement of the distribution network, strongly consolidated and motivated by our partnership and a good national coverage, with over 420 sales points of CEMACON products throughout the country. The company managed to attract important regional distributors and now we collaborate with the largest DIY networks in Romania.

The efficiency and quality of the products in the portfolio, together with the reputation of the two brands CEMACON and Euro Caramida in the market, have sustained the increase in demand for the three categories of masonry solutions. We have focused on selling products with added value for users, the entire portfolio being based on high-performance products that offer substantial cost reductions for customers.

b) ***new products envisaged for which a substantial volume of assets will be allocated in the next financial year and the stage of development of these products***

In 2023 the ceramic block market contracted, as demand was impacted by high bank interest rates, inflation and the external situation. We estimate that in 2024, the conditions that negatively impacted 2023 will persist even if there are premises for their mitigation. In 2023, CEMACON put into operation a new factory dedicated to the production of decorative facade elements and ceramic cladding elements related to the production of bricks. For the year 2024 we estimate the development of this line of business that addresses both the new construction segment and the renovation segment. In 2024, the production of certain types of ceramic blocks will be relocated from the factory in Zalau to the factory in Biharia in order to serve with these products the western area of the country with the optimization of transport costs.

4.

4.1.1. Evaluation of the technical and material supply activity

(specify information on: sources of supply (indigenous/import) security of supply and prices of raw materials and stock sizes of raw materials and materials)

The main materials purchased by the group are: wooden pallets; stretch hood foil; wood sawdust; thermal power plant ash; bulk diesel. Pallets, sawdust, ash and diesel are purchased from indigenous suppliers, and stretch hood foil from both indigenous and imported sources. The supply and pricing of materials is ensured through supply contracts signed with each individual supplier. The group works with several suppliers to ensure the supply of materials in order to avoid any kind of supply syncodes. Raw material stocks are sized in such a way that possible interruptions in supply by a supplier do not disrupt production activity. The group is not dependent on single suppliers.

4.1.2. Evaluation of sales activity

a) ***Description of the development of sales sequentially on the domestic and/or foreign market and the medium and long-term sales prospects***

b) ***Description of the competitive situation in the company's field of activity, the market share of the company's products and services and the main competitors.***

c) **Description of any significant dependence of the company on a single customer or group of customers whose loss would have a negative impact on the company's revenues**

Even with the shrinking market for ceramic blocks, Cemacon has maintained production levels close to 100% capacity at both plants in Salaj county, thus achieving an estimated national market share of 28% (also following the acquisition of the Euro Caramida plant). The production volume was impacted by the necessary shutdowns for maintenance and repairs both at the Salaj County plants and at the Euro Caramida plant in Biharia, which has entered an extensive process of re-engineering and modernisation, which will be completed in spring 2024.

The company is considering the general context of continued high inflation, which further impacts bank interest rate policy and residential market prices. For 2024, we believe that the main challenge facing the construction sector will be the shortage of labour, coupled with high interest rates and restrictive conditions for mortgage loans, in addition to changes in taxation applicable to the purchase of new housing.

The company's main competitors are:

Wienerberger Brick Systems SRL

Sos. Bucuresti - Ploiesti nr 42-44, Sector 1, Baneasa Business & Technology Park, Building A1, Floor 1
Postal Code 013696, Bucharest, Romania.

Brikston Construction Solutions SA - part of the Leier Group

Iasi, Calea Chisinaului nr. 176

Siceram SA - part of the Leier Group

Sighisoara, Str. Viilor nr. 123, 545400 Jud. Mures

Soceram SA

46 Drumul Taberei Street, Campina, county of Campina, Romania. Prahova

4.1.3. Assessment of employee/staff aspects of the company

a) Indication of the number and level of training of the company's employees and the degree of unionisation of the workforce

The Group ended 2023 with 331 employees. The annual average (FTE) was 338 employees.
Of all employees, 33% have higher education.
Approximately 32% of the employees belong to the Free Trade Union of SC CEMACON SA, affiliated to Familia Construct.

***b)* Description of relations between manager and employees and any conflictual elements characterising these relations**

Developing and strengthening the organizational culture of CEMACON SA is a constant concern of the company's management. The performance of each employee is monitored through the performance management system, which defines from the beginning of the year the level of expected individual results. The feedback received from direct managers is specifically targeted at the employee's performance and actions and not at the individual employee, based on job performance compared to expectations. Thus, relations between management and employees are based on dialogue, figures and concrete objectives, any kind of unprofessional conduct on the part of either party being sanctioned by the Internal Regulations. Starting from June 2023, Cemacon has moved to transfer the organizational culture of Cemacon to Euro Caramida in order to align the two companies organizationally.

4.1.4. Assessment of aspects related to the impact of the issuer's core business on the environment

(summary description of the impact of the issuer's core activities on the environment and any existing or expected litigation regarding violations of environmental protection legislation)

The ceramic block manufacturing activity at the Recea, Zalau and Biharia factories was carried out in compliance with all the requirements of the integrated environmental permit. The impact of the emissions generated by the activity was within the limits imposed by the environmental legislation in force.

4.1.5. Evaluation of research and development activity

***(Specify the expenditure for the financial year and the expenditure anticipated for the following financial year for research and development activities*)**

Cemacon constantly invests in research and development to provide its customers with innovative solutions for efficient construction. The state-of-the-art technology we use enables us to produce building materials to the highest standards of efficiency and strength. EVOCERAMIC products combine innovation with state-of-the-art technology to give them superior performance to other products on the market, whether it's lower mortar consumption, reduced material waste or increased thermal and sound insulation efficiency. By commissioning the factory of special elements and facing bricks, the best technical solutions have been implemented in order to obtain a high quality product that meets the market requirements.

The accounting treatment of amortisation of development expenditure is over a period of 5 years.

4.1.6. Evaluation of the company's risk management activity

a) ***Description of the company's exposure to price, credit, liquidity and cash flow risk.***

b) ***Description of the company's risk management policies and objectives.***

c) ***Internal control***

Internal Risks

The achievement of strategic and operational objectives is directly influenced by both opportunities and multiple risks and uncertainties generated by external factors such as the evolution of the residential construction market, seasonality and weather conditions as well as various internal factors.

Cemacon has implemented a risk management process characterized by the identification, quantification and proactive management of potential risks through measures to reduce them to a reasonable and consciously assumed level.

The risk management process aims to:

- the objectives assumed by management are feasible,
- significant risks are objectively identified and assessed for all processes and departments,
- adequate resources are allocated to reduce, transfer or eliminate significant risks,
- the necessary measures are defined and implemented for preventive control, risk reduction and loss minimisation in the event of a negative event,
- the status of implementation of control measures is constantly monitored,
- the level of risk in the organisation is regularly reassessed,
- remaining risks are communicated and made aware in the organisation.

At company level there is an internal control and risk management function that monitors business risks. Periodically an updated risk map is prepared and discussed at management level and presented to the board of directors. The annual budget package also contains an analysis of the main risks and the measures envisaged by management to manage them. As part of the integration process of the Biharia plant, CEMACON is in the process of implementing the functional risk management system within CEMACON.

The main operational risks in 2023 influencing the company's performance and observations on their evolution are presented below:

1. Commercial credit

In the context of the pressure on increasing credit limits granted to clients that has characterized the construction sector, commercial credit represents one of the most relevant risk dimensions for Cemacon.

Within the finance department, there is a specialized person with the role of credit controller; to minimize risk the company used in 2023, for the tenth consecutive year, trade credit insurance from the market leader - the French company Coface, as well as retaining guarantees from customers, including bank letters of guarantee, pledges and endorsed payment instruments. As of 31.12.2023, the number of clients insured with COFACE is 123, the total value of these insured limits provides significant coverage for the risk of non-collection.

The credit controller carries out an ongoing assessment of balances and default risk; clients are assigned to risk classes following a complex analysis that takes into account Coface's rating, the ceiling covered by commercial credit insurance, collateral and its quality, the client's payment behaviour and other qualitative information gathered directly from the market through sales agents and other sources. Depending on the risk class defined, regular monitoring is applied on insolvency proceedings, ONRC status, pending lawsuits, ANAF debts, CIP, as well as analysis on updated financial information on an annual/semi-annual basis.

2. Compliance with legal requirements.

The management team and Board of Directors are committed to full compliance and adherence to all legal requirements of any nature.

3. Competition actions

The competition's actions were countered by implementing promotional and motivational campaigns for traditional partners.

External Risks

1. The risk of infaltionist pressures

Society paid particular attention to the inflation trend, which was strongly felt in all economic sectors. Also in the area of auxiliary raw materials, packaging, logistics and in the area of equipment and works related to the investments made, also in 2023 inflation had a significant impact. In order to mitigate the effects of inflation on employees' income, the company has made a number of changes to salary packages.

2. Currency risk

The company's foreign currency transactions are recorded in the accounts at the exchange rates prevailing at the date of their execution, and gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised as income or expenses in the income statement.

Balances of liquid assets in foreign currency are converted into lei at the year-end exchange rate.

As of 31.12.2023, the company has committed loans in euro for a total amount of 16,575,000 euro, loans related to the acquisition and modernisation of the Biharia plant.

3. *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. As at 31.12.2023, the company has committed bank loans totalling 16,575,000 euro, equivalent to 82,453,995 lei.

4. *Liquidity risk*

Liquidity risk management is the responsibility of the company's management, which has established an appropriate risk management framework with regard to the provision of short- and medium-term funds. The company manages liquidity risk by continuously monitoring actual cash flow and matching the maturity profiles of financial assets and liabilities.

The Group's cash and cash equivalents at the end of 2023 is 88,044,885 lei.

5. *Equity Risks*

From the point of view of the value of the transactions carried out or the market capitalisation, the Bucharest Stock Exchange can be considered a small stock exchange, compared to other stock exchanges in the world, thus there are risks related to the low liquidity of the market as well as the high volatility of the price of the shares traded.

Low market liquidity may make it impossible to buy or sell shares in the Company without having a significant impact on the price of that share, thereby also generating high volatility in the share price.

The shareholding structure at the end of 20232 is concentrated, the company having at the end of 2023 two large shareholders acting in concert and cumulating an ownership of more than 95%, which results in a low freefloat and consequently low liquidity on the stock exchange.

Internal control system

The internal control system is the set of measures and actions implemented at all levels in order to achieve the company's objectives through optimal risk management, ensuring efficient and effective operations, accurate financial reporting and compliance with legal requirements. Control is an integral part of every process and is the responsibility of all employees, regardless of their role in the organisation.

The internal control system implemented at Cemacon is based on several components, the most important being the following:

- ✓ Internal procedures manual, based on best practices adapted to the field of activity, which defines control activities and responsibilities for all risk areas in the company and is reviewed periodically,
- ✓ Integrated Quality-Environment-Health and Safety at Work Management System, which ensures harmonization, consistency and improvement of processes and working methods and compliance with legal requirements,
- ✓ Budget and budget tracking system, which ensures the setting and monitoring of financial and operational targets,

- ✓ Internal reporting system that provides relevant, accurate and timely information for process monitoring and decision making,
- ✓ Periodic performance reviews conducted to evaluate the functioning of operational processes and results,
- ✓ Automation of processes and transactions in the IT system, by managing a well-configured, used and secure IT system,
- ✓ Conduct internal and external audits to ensure effectiveness and compliance with financial control and reporting standards.
- ✓ TUV certification system, which provides an annual compliance re-verification in order to obtain the ISO certifications and recertifications that the company holds.

An important objective of the Internal Control System is to implement best practices by optimizing and automating control procedures within the company, so that control activities are not omitted or duplicated, errors or mistakes are prevented and necessary corrective actions are taken in a timely manner.

The operation and performance of the internal control system is audited annually and the Management Team is committed to raising standards of professional competence and implementing all necessary corrective and improvement measures to provide a sound basis of confidence and assurance on risk management and achievement of objectives.

4.1.7. Perspectives on company activity

a) ***Presentation and analysis of trends, elements, events or uncertainty factors that affect or could affect the liquidity of the company compared to the same period of the previous year.***

b) ***Presentation and analysis of the effects of current and anticipated capital expenditure on the company's financial situation compared to the same period last year. Costs;***

c) ***Presentation and analysis of events, transactions and economic changes that significantly affect core business revenues.***

a) Among the negative trends for the next period that the company's management is monitoring and that may affect the Company and the branch in which it operates, we mention the conflict in Ukraine, the increase in prices of auxiliary materials and packaging, the prospect of maintaining inflation at a high level for a time horizon of more than 3 years, the maintenance of high interest rates on mortgage and real estate loans, with the effect of decreasing demand for new housing and, implicitly, the contraction of the construction materials market.

In the context of the war in Ukraine, the company's management is paying increased attention to this situation, which has a negative impact on the global raw materials, logistics, fuel and energy markets. The company is constantly analysing several scenarios to mitigate the risks generated by the war in Ukraine.

There are no strategic dependencies on suppliers, no dependencies on raw materials with quoted prices, inventories are at optimal levels to ensure the uninterrupted running of the business, there are no dependencies on strategic customers from a cash flow perspective and the company is financially sound. However, the company's management has analysed several potential negative scenarios that may be induced by the current international and national situation and shows an attitude of vigilant expectation to enable it to react in case a risk scenario materialises.

A business continuity plan is developed at company level, with the entire executive management team prepared to implement contingency plans to ensure operational continuity.

b) *Not applicable*

c) *Not applicable.*

4.1.8. Corporate Governance

CEMACON is committed to ensuring transparent, relevant and quality communication with shareholders, investors and the general public and to complying with applicable regulations as a company listed on the Bucharest Stock Exchange.

The Corporate Governance Code, adopted since 2014, confirms the commitment to business integrity, continuous improvement of communication with stakeholders and transparency in the provision of information to stakeholders. Thus, both the quarterly reports and especially the financial statements and annual reports provide a high degree of detail and very good visibility on the company's activities, relevant events and financial statements.

Since 2015, CEMACON submits all reports to the Stock Exchange bilingually (English and Romanian) to support shareholders and potential foreign investors.

1. Corporate Governance Structures

Cemacon SA's corporate bodies are structured as follows:

- ☑ The General Meeting of Shareholders, which is the highest decision-making forum of the Company
- ☑ Board of Directors

Cemacon SA is a company managed in a unitary system by directors, one of whom is appointed General Manager, the general directions of the company's development and action being established and monitored by the Board of Directors.

1.1. General Meeting of Shareholders ("AGM")

Cemacon SA has defined and implemented sound internal procedures for the organisation and conduct of the AGM, as well as rules governing its legal and statutory activity, in accordance with the Articles of Association and applicable legislation.

In terms of its structure, depending on the matters requiring shareholder approval, the General Meeting of Shareholders may be Ordinary or Extraordinary.

1.2 Board of Directors

Cemacon SA is managed by a Board of Directors, composed of 5 members elected for a period of 4 years, which exercises its mandate, in the interest of the company, with the prudence and diligence of a good administrator and which takes all necessary and useful measures that are within its competence, in order to carry out the company's activity in the best conditions.

The Board of Directors is subordinate to the General Meeting of Shareholders. In 2023, the Board of Directors of CEMACON SA held a total of 13 working meetings in which the evolution of the company and its financial situation were analysed and decisions were taken in accordance with the powers provided for by the articles of association and applicable legislation. The Board of Directors reports to the General Meeting of Shareholders. Since the takeover of Euro Caramida, the Board of Directors of this company has met 11 times.

1.3 Advisory Committees

Within the Board of Directors of CEMACON SA there are three consultative committees, as follows: audit committee, remuneration committee and nomination committee.

1.4 Executive Management

The executive management of the Company is provided by two directors, individuals, who have delegated powers from the Board of Directors.

The Directors are responsible for taking all measures related to the management of the Company, within the limits of its object of activity and in compliance with the exclusive powers reserved by law, the Articles of Association, the Board of Directors and the General Meeting of Shareholders.

2. Rights of Cemacon Shareholders

The main rights of shareholders in relation to the General Meeting of Shareholders are set out below:

Right of access to information: Cemacon SA publishes the necessary documents and information on its website (www.cemacon.ro) to ensure that all its shareholders exercise their rights in full knowledge of the facts;

Right to a minimum notice period: the Company's Shareholders are informed of a forthcoming Shareholders' Meeting by means of a notice published in the Official Gazette of Romania and in a national newspaper at least 30 days before the date of the meeting; the notice is also published on the Company's website, in the Investor Relations section, and filed with the Financial Supervisory Authority and the Bucharest Stock Exchange in the form of a current report;

Right to add to the agenda of the meeting: Cemacon SA shareholders representing individually or together with other shareholders at least 5% of the share capital may request additional items to be added to the agenda within the limits and in accordance with the provisions of applicable law;

Right to participate in the meeting: Shareholders registered in the register of shareholders on the reference date have the right to participate in person or by proxy in the General Meetings of Shareholders of the Company;

Voting rights: The share capital of the Company is represented by ordinary shares carrying one voting right for each share registered in the name of the shareholder on the record date;

Right to ask questions: any shareholder of the Company may ask written questions on items on the agenda of the General Meeting of Shareholders and has the right to receive answers from Cemacon SA, in accordance with applicable regulations.

3. Transparency, Financial Reporting, Internal Control and Risk Management

3.1 Transparency

Cemacon SA ensures adequate regular and continuous reporting on all significant events, including Financial Condition, Performance and Management.

In order to provide shareholders with relevant information, Cemacon SA has created a special section on its website (www.cemacon.ro) called "Shareholder Relations", which is easily accessible and updated whenever necessary. The page is structured in such a way that shareholders and investors can access all the necessary information, i.e. information on the AGM, financial calendar, financial reports, current reports, corporate governance, shareholding structure, etc.

Cemacon SA also has specialized internal structures for investor and shareholder relations. Shareholders can ask questions or communicate through the following means:

- ☑ Registered mail to the registered office of the Company in Cluj-Napoca, Calea Turzii no.178 K, 1st floor, county of Cluj-Napoca. Cluj, Romania
- ☑ Transmission of documents by e-mail: office@cemacon.ro

3.2 Financial Reporting

Cemacon prepares and disseminates relevant periodic and ongoing reports in accordance with International Financial Reporting Standards (IFRS) and other reporting standards. Information is disseminated both in Romanian and English.

Among the reports made available to investors are:

- ☑ Annual financial statements prepared in accordance with IFRS
- ☑ Half-yearly financial statements prepared in accordance with IFRS

- ☑ Quarterly financial statements prepared in accordance with IFRS
- ☑ Other reports according to applicable legislation.

The information is disseminated on the company's own website www.cemacon.ro, section "shareholder relations", on the website of the Bucharest Stock Exchange, at Cemacon SA's headquarters.

3.3 Effectiveness of financial reporting, internal control and risk management

The Audit Committee supports the Board of Directors in monitoring the credibility and integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards applied by the Company (including consolidation criteria).

The Audit Committee makes recommendations to the Board of Directors on the selection, appointment, reappointment and replacement of the financial auditor and the terms and conditions of his remuneration. The Audit Committee monitors the independence and objectivity of the financial auditor. An internal risk management and control system appropriate to the company's activities is in place, which includes an independent internal auditor and an internal controller. The internal audit reports related to the audit missions are reviewed by the Audit Committee and made available to the entire Board of Directors.

4.1.9. List of Disputes, as of 31 December 20 23

In 2023 the dispute with the supplier Bedeschi continued, in which Unicredit as owner of the line purchased from the supplier and CEMACON user, as defendant, and the supplier Bedeschi, as plaintiff, are parties. In 2019, in application of the contractual provisions, Unicredit and CEMACON applied late payment penalties to the supplier Bedeschi and executed the bank guarantee letter of good performance. The supplier disputes the application of these penalties. The dispute is being heard by the Bucharest Court. Cemacon has submitted arguments and documents in the case file showing that Bedeschi's claims are unfounded so Cemacon has the first chance to convince the court that Bedeschi's claims are unfounded.

In 2021, CEMACON started a dispute with the National Environmental Guard - Salaj County Commissioner for contesting a report by which the GNM - Salaj Commissioner ordered the application of certain measures regarding CEMACON SA - Zalau working point, for alleged violations of some provisions of the Integrated Environmental Authorization of the Zalau working point. CEMACON SA has challenged the measures in court, and they have been suspended until a final decision is handed down by the courts. The company Euro Caramida SA has registered a dispute with the Environmental Fund Administration on 31.12.2023, as plaintiff. In this dispute, the first deadline was set by the court for 14.04.2024.

5. Tangible assets of the company

5.1. Specification of the location and characteristics of the main production capacities owned by the company

At present, the main activity profile of the Company is the production and marketing of clay masonry elements for use in civil and industrial construction works.

Since autumn 2010, on the site in Salaj county, Recea village, the company operates a production line of ceramic blocks, with an installed capacity of 385,000 m3/year of the basic product, investment carried out between 2008-2010.

The production process is a modern one, adapted to the latest technology, in which the human factor intervenes only in the process of monitoring and correcting the programs used. By automating processes, better operating costs and higher quality indicators are achieved.

In the year 2023, the capacity utilisation was 100% on the current assortment. The annual installed production capacity at the Recea plant is 385,000 physical cubic metres of the commodity product.

In 2023 the operation of the Zalau line was continued, in the context of the market demand for ceramic blocks. In the summer of 2023 the Euro Caramida SA factory in Bihor county was acquired, where a production line was also operational. Also in 2023, the factory of special elements and apparent brick was taken over and put into operation.

5.2. Description and analysis of the degree of wear and tear of company property

The degree of wear and tear of the assets is correctly reflected in the accounts through depreciation recorded in accordance with accounting policies.

An impairment loss is recognised as the amount by which the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. To assess impairment, assets are grouped to the lowest level at which there are separately identifiable cash flows.

5.3. Clarification of potential issues relating to ownership of the company's tangible assets

This is not the case.

6. Market of Securities Issued by the Commercial Company

6.1. Specification of the markets in Romania and other countries where the securities issued by the company are traded.

The company's shares are traded on the Bucharest Stock Exchange with the trading symbol CEON. The transactions are carried out on the Main segment Standard category.

http://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=CEON

Symbol:	CEON
ISIN:	ROCEONACNOR0
Tip:	Actions
Segment:	Main
Categories:	Standard
Status:	Transactional

6.2. Description of the company's dividend policy.

(Indicate dividends received/paid/accrued during the last 3 years and, if applicable, the reasons for any decrease in dividends during the last 3 years)

Cemacon's result at the end of 2023 is 31,087,727 lei so that the cumulative result carried forward is 152,527,603 lei.
In view of the company's development needs through the implementation of new investments and in line with the practice of previous years, the proposal of the Board of Directors is to allocate the profit obtained to own sources of financing.

6.3. Description of any activities of the company to acquire its own shares.

This is not the case.

6.4. If the company has subsidiaries, indication of the number and nominal value of shares issued by the parent company and held by the subsidiaries

Cemacon owns 100% of the share capital of Euro Caramida SA.

7. Management Cemacon Group

7.1. Presentation of the list of directors of Cemacon and the following information for each director:

List the company's directors and the following information for each director:

The current composition of the Board of Directors of CEMACON SA is as follows:

1.	Mr Daniel Sologon - President of the Board of Directors
2.	Mr. Dragos Paval
3.	Mrs. Dana Rodica Beju
4.	Mrs Karina Paval
5.	Mr Adrian Fercu

Note (history): In the period 28.04.2021 - 31.12.2022 the composition of the Board of Directors of CEMACON SA was as follows:

1.	Mr. Liviu Ionel Stoleru - President of CA;
2.	Mr. Dragos Paval;
3.	Mrs Karina Paval;
4.	Mrs. Dana Rodica Beju;
5.	Mr Adrian Fercu.

The appointment or replacement of the members of the board of directors and the amendment of the constitutive acts of the entity shall be made by applying the legal provisions (Law 31/1990 with subsequent amendments and additions).

The powers of the Board of Directors are those provided for by Law 31/1990 with subsequent amendments and additions and there are no powers regarding the issue and redemption of shares.

7.2. Euro Caramida SA is managed by a Board of Directors consisting of 3 members, elected by the General Meeting of Shareholders.

The three members elected in June 2023 for a 4-year term are:

- Mr. Daniel Sologon - President of the Board of Directors

- Mr Bogdan Cojocaru-Lungu - member
- Mr Radu Barbur - member

For the Management of Cemacon SA:

a) CV (name, first name, qualifications, professional experience, position and length of service)

<u>Daniel Sologon</u>

Master in Business Administration, Faculty of Business (2005) and Bachelor in Management, Faculty of European Studies (2004), both at "Babeș-Bolyai" University Cluj-Napoca.
Direct private equity and venture investment experience gained at Middle Europe Investments, Palmer Capital Group (2009-2011) through board level and executive management involvement in portfolio companies to improve financial performance and identify investment opportunities and formalize them as business propositions.
Experience as Financial & Marketing Analyst at Schuller eh'klar, subsidiary of an Austrian group, leader in the field of finishing materials in construction and as Financial Analyst at investment projects level in the real estate developer Imoinvest SA, Imofinance Financial Group.
Operations Manager, responsible for leading, integrating and streamlining the logistics, assembly and warranty services functions within the Brinel Group of companies, regional IT&C leader.
From the summer of 2023, Mr. Sologon will also serve as a member of the Board of Directors of Euro Caramida SA.

<u>Dragos Paval</u>

Mr. Paval is a graduate of the Faculty of Computer Mathematics of Alexandru Ioan Cuza University in Iasi. Since 1992 he has been running the company DEDEMAN.

<u>Dana Rodica Beju</u>

He has more than 30 years of experience in the economic field, of which 15 years in the financial-banking sector. He is currently a financial analyst in DEDEMAN SRL, the most dynamic Romanian company on the DIY market, with over 50 stores opened in Romania. He worked for OTP Bank Romania and BRD - Soc. In these companies he acquired a relevant expertise both in the field of financial analysis and in the relationship with corporate clients. At the same time, the expertise acquired in the capital market both within BRD - Soc. Gen. and within the financial brokerage company Confident Invest, is an important asset for the position of director of CEMACON S.A., position held since April 2017.

<u>Karina Paval</u>

A graduate of Queen Mary, University Of London Business Administration section and a Masters in Finance from the University of Cambridge, Ms Karina Paval has over 5 years of experience in finance and investment. She is a member of the Investment Committee of the ROCA platform, and at the same time she is also the Development Director of DEDEMAN and Paval Holding. From 2018 to 2019 he was a member of the Board of Directors of CONPET SA. Since 2019 he has been a member of the Investment Committee of Equaliant Capital, and since 2021 he is a member of the Board of Endeavor Romania.

Adrian Fercu

An economist by profession, Mr. Adrian Fercu has more than 20 years of experience in the financial banking field. Between 1999 and 2019, Mr. Fercu has accumulated a vast experience within Unicredit Bank, RBS Bank, Banca Comerciala Romana and Banca Carpatica, holding various management positions from Customer Relationship Manager to Regional Director. Since 2019, Mr. Fercu is part of the DEDEMAN and PAVAL HOLDING team, dealing with financial investments. Since 2020, Mr. Fercu is a member of the Board of Directors of Vrancart, and since 28.04.2021 he is a member of the Board of Directors of CEMACON.

b) any agreement, arrangement or family relationship between that administrator and another person by virtue of which that person has been appointed administrator

This is not the case

c) direct participation of the director in the capital of the company as of 31.12.2022

MEMBRU	NUMAR	% HOLDING
Mr Daniel Sologon	0	0
Mrs Dana Beju	0	0
Mr. Dragos Paval	0	0
Mr Adrian Fercu	0	0
Ms Karina Paval	0	0

d) list of persons affiliated to the company

The affiliated parties of the group in 2023 were:

- DEDEMAN SRL with registered office in Bacău, Alexei Tolstoi Street, nr. 8, C.I.F.: RO 2816464, Ord.Reg.Com. no.: J04/2621/1992 - owned by Paval Holding SRL;
- PIF INDUSTRIAL SRL with registered office in Bacău, 8 Alexei Tolstoi Str., CUI 18227759, Ord.Reg.Com. no.: J4/2200/2005 - shareholder (acting in concert with Dedeman SRL);
- DEDEMAN AUTOMOBILE SRL with registered office in Bacău, Alexei Tolstoi Street, No. 8, Bacău County; Ord.Reg.Com. No.: J4/ 2621/1992 - a company of the Dedeman group;
- PAVAL HOLDING SRL with headquarters in Mun. Alexei Tolstoi Street, nr. 8, Bacău County, CUI: 39895050, Ord.Reg.Com. no.: J04/ 1405/2018 - company of Dedeman group;

- Daniel Sologon - Chairman of the Board of Directors and Managing Director of Cemacon SA, Chairman of the Board of Directors of Euro Caramida SA
- Dana-Rodica Beju - Board member
- Dragos Paval - Board member
- Karina Paval- CA member
- Adrian Fercu- Board member
- Bogdan Cojocaru-Lungu - Financial Director of Cemacon SA and member of the Board of Directors of Euro Caramida SA
- Euro Caramida SA - 100% owned by Cemacon SA
- Radu Barbur - member of the Board of Directors of Euro Caramida SA

7.3. Presentation of the list of members of the executive management of the company. For each, the following information:

(a) the term for which the person is part of the executive management;

The Executive Management is appointed by the Board of Directors for a four-year term.

For Cemacon SA:

Daniel Sologon - Director General

Presented above.

Bogdan Cojocaru-Lungu - Financial Director

With an experience of over 12 years in the financial field, Mr. Bogdan Cojocaru-Lungu started his activity within CEMACON 11 years ago, successively holding the positions of financial controller, deputy financial manager and starting with 01.01.2022, the position of Financial Director. Mr. Bogdan Cojocaru-Lungu graduated from the Faculty of Economics and Business Management at Babes-Bolyai University in Cluj, holding a Master's degree in Management, Accounting, Audit and Control. After graduating from the Master's degree Mr. Bogdan Cojocaru-Lungu worked for 2 years in KPMG Romania, dealing with the design and implementation of audit tests, establishing client relationships and collecting information for audit assignments. The activity within CEMACON in the position of financial controller involved the monitoring of the implementation and execution of the budget by departments, cost, profitability and opportunity analysis, participation in project teams for the access to European non-reimbursable funds. After the position of Deputy Financial Manager, Mr. Cojocaru-Lungu was in charge of supervising the budget implementation process, supervising the preparation of financial reports, managing the relationship with the internal auditor and the financial auditor, drafting proposals for improving and streamlining operational activities, optimizing the use of resources, supervising digitization projects, coordinating and monitoring the investment department. Starting with the summer of 2023, Mr. Bogdan Cojocaru-Lungu is also a member of the Board of Directors of Euro Caramida S.A.

For Euro Caramida SA:

Ciprian Muset - Director General

(b) any agreement, arrangement or family relationship between that person and another person by virtue of which that person has been appointed as a member of the executive management;

This is not the case.

c) the shareholding of that person in the capital of the company on 31.12.2023:

Director	Number of shares	% Ownership
Daniel Sologon	0	0%
Bogdan Cojocaru-Lungu	0	0%
Ciprian Muset	0	0%

7.4. For all the persons listed above, details of any litigation or administrative proceedings in which they have been involved in the last 5 years relating to their work with the issuer, and those relating to their ability to perform their duties with the issuer:

This is not the case.

8. Analysis of the commercial activity of Euro Caramida SA

8.1 Description of the Basic Activity of Euro Caramida SA

a) Description of the basic activity

Euro Caramida SA is a manufacturer of ceramic blocks in Biharia, Bihor county.

b) Specification of the date of establishment of the company

Euro Caramida SA was established in 2004.

c) Description of any significant mergers or reorganisations of the commercial company, the its subsidiaries or controlled companies during the financial year.

Not the case

d) Description of acquisitions and/or disposals of assets

Not the case.

e) Description of the main results of the evaluation of the company's activity

8.1.1. Elements of General Evaluation
(profit, turnover, export, costs, % market share, liquidity)

During the year 2023 Euro Caramida SA recorded total revenues of 51.339.965 lei. At the end of 2023 Euro Caramida SA recorded a profit of 2,444,444.52 lei.

8.1.2. Evaluation of the Technical Level of the Trading Company

Description of the main products and/or services provided, specifying

a) **the main markets for each product or service and the methods of distribution**

Euro Caramida SA has signed a sale and purchase agreement with Cemacon SA to exploit its production of ceramic blocks. The contract was the subject of current report no. 7170 dated 20.07.2023.

b) **the share of each category of products or services in the company's revenue and total turnover for the last three years**

Not the case

c) **new products envisaged for which a substantial volume of assets will be allocated in the next financial year and the stage of development of these products**

This is not the case.

8.1.3. Evaluation of the technical and material supply activity
(specify information on: sources of supply (indigenous/import) security of supply and raw material prices and stock sizes of raw materials and materials)

The main materials purchased by Euro Caramida SA are: wooden pallets; stretch hood foil; wood sawdust; thermal power plant ash; bulk diesel. Pallets, sawdust, ash and diesel are purchased from indigenous suppliers and stretch hood foil from both indigenous and imported sources. The supply and pricing of materials is ensured through supply contracts signed with each individual supplier. The company works with several suppliers to ensure the supply of materials in order to avoid any kind of supply syncodes. Raw material stocks are sized in such a way that possible supply interruptions by a supplier do not disrupt production activity. The company is not dependent on single suppliers.

8.1.4. Evaluation of sales activity

a) **Description of the evolution of sales sequentially on the internal and/or external market and of the sales prospects in the medium and long term**

The purpose for which the Cemacon Real Estate entity was created is the valorisation of the assets received by transfer from Cemacon SA, so that sustained efforts are made to achieve this goal. For future periods the company aims to continue the process of valorization of the assets held.

b) **Description of the competitive situation in the company's field of activity, the market share of the company's products and services and the main competitors.**
c) **Description of any significant dependence of the company on a single customer or group of customers whose loss would have a negative impact on the company's revenues**

The company's main competitors are:

Wienerberger Brick Systems SRL

Sos. Bucuresti - Ploiesti nr 42-44, Sector 1, Baneasa Business & Technology Park, Building A1, Floor 1
Postal Code 013696, Bucharest, Romania.

Brikston Construction Solutions SA - part of the Leier Group

Iasi, Calea Chisinaului nr. 176

Siceram SA - part of the Leier Group

Sighisoara, Str. Viilor nr. 123, 545400 Jud. Mures

Soceram SA

46 Drumul Taberei Street, Campina, county of Campina, Romania. Prahova

8.1.5 Assessment of employee/staff aspects of the company

a) **Specify the number and level of training of the company's employees and the degree of unionisation of the workforce**

At the end of 2023 Euro Caramida SA will have 56 employees. The annual average (FTE) was 49 employees.

b) **Description of the relations between manager and employees as well as any conflictual elements characterizing these relations**

The adoption of the organizational culture of CEMACON SA within Euro Caramida SA has been a constant concern of the company's management since the date of its takeover. Relations between management and employees are based on dialogue, figures and concrete objectives, any kind of unprofessional conduct on the part of either party being sanctioned by the Internal Regulations.

8.1.6 Assessment of aspects related to the impact of the issuer's basic activity on the environment

(summary description of the impact of the issuer's core activities on the environment and any existing or expected litigation regarding violations of environmental protection legislation)

The ceramic blocks manufacturing activity at Recea Factory and Zalau Factory was carried out in compliance with the requirements of the integrated environmental permit. The impact of the emissions generated by the activity was within the limits imposed by the environmental legislation in force.

8.1.7 Evaluation of research and development activity

(Specify the expenditure for the current financial year and the expenditure expected for the next financial year for research and development activities)

This is not the case.

8.1.8 Assessment of the company's risk management activity

a) Description of the company's exposure to price, credit, liquidity and cash flow risk.
b) Description of the company's risk management policies and objectives.

After the takeover of Euro Caramida by Cemacon SA, risk management measures similar to those applied in Cemacon SA were implemented.
The risk management process at the level of the Board of Directors of Euro Caramida SA aims to:

- the objectives assumed by management are feasible,
- significant risks are objectively identified and assessed for all processes and departments,
- adequate resources are allocated to reduce, transfer or eliminate significant risks,
- the necessary measures are defined and implemented for preventive control, risk reduction and loss minimisation in the event of a negative event,

- the status of implementation of control measures is constantly monitored,
- the level of risk in the organisation is regularly reassessed,
- remaining risks are communicated and made aware in the organisation.

8.1.9 Perspectives on company activity

a) Presentation and analysis of trends, elements, events or uncertainty factors that affect or could affect the liquidity of the company compared to the same period of the previous year.
b) Presentation and analysis of the effects of current and anticipated capital expenditure on the company's financial position compared to the same period last year. Costs;
c) Presentation and analysis of events, transactions and economic changes that significantly affect income from core business.

a) Among the negative trends for the next period that the company's management is monitoring and that may affect the Company and the branch in which it operates, we mention the conflict in Ukraine, the increase in prices of auxiliary materials and packaging, the prospect of maintaining inflation at a high level for a time horizon of more than 3 years, the maintenance of high interest rates on mortgage and real estate loans, with the effect of decreasing demand for new housing and, implicitly, the contraction of the construction materials market.

In the context of the war in Ukraine, the company's management is paying increased attention to this situation, which has a negative impact on the global raw materials, logistics, fuel and energy markets. The company is constantly analysing several scenarios to mitigate the risks generated by the war in Ukraine.

There are no strategic dependencies on suppliers, no dependencies on raw materials with quoted prices, inventories are at optimal levels to ensure uninterrupted operations, there are no dependencies on strategic customers from a cash flow perspective, and the company is financially sound. However, the company's management has analysed several potential negative scenarios that may be induced by the current international and national situation and shows an attitude of vigilant expectation to enable it to react in case a risk scenario materialises.

A business continuity plan is developed at company level, with the entire executive management team prepared to implement contingency plans to ensure operational continuity.

b) *Not applicable*

c) *Not applicable.*

9. Tangible assets of the company Euro Caramida SA

9.1 Specification of the location and characteristics of the main production capacities owned by the company

The assets owned by Euro Caramida SA are represented by the factory in Biharia and the land owned in Bihor county, part of which is allocated to the clay quarry necessary for the manufacture of ceramic blocks.

9.2 Description and analysis of the degree of wear and tear of company property

The degree of wear and tear of the assets is correctly reflected in the accounts through depreciation recorded in accordance with accounting policies.

An impairment loss is recognised as the amount by which the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. To assess impairment, assets are grouped to the lowest level at which there are separately identifiable cash flows.

9.3 Clarification of potential issues relating to ownership of the company's tangible assets

This is not the case.

10. Securities Market Issued by Euro Caramida SA

10.1 Specify the markets in Romania and other countries where the securities issued by the company are traded.

Euro Caramida SA does not trade securities on the Romanian or foreign stock markets.

10.2 Description of the company's dividend policy.

(Specify the dividends due/paid/accrued during the last 3 years and, if applicable, the reasons for any decrease in dividends during the last 3 years***)***

At the end of 2023 Euro Caramida SA records a profit of 2,444,444.52 lei. The shareholder of the company will decide how to distribute this profit.

10.3 Description of any activities of the company to acquire its own shares.

This is not the case.

10.4 If the commercial company has subsidiaries, the number and nominal value of shares issued by the parent company and held by the subsidiaries

Euro Caramida SA has no subsidiaries.

11. Company Management Euro Caramida SA

11.1 Presentation of the list of company directors.

a)The directors of Euro Caramida SA were presented above.

(b) any agreement, arrangement or family relationship between the administrator in question and another person by virtue of whom that person has been appointed administrator

Not the case

c) participation of the director in the capital of the company

Not the case

c) list of persons affiliated to the company

CEMACON S.A. is an affiliated part of Euro Caramida SA

11.2 Presentation of the list of members of the executive management of the company. For each, the following information:

a) the term for which the person is part of the executive management;

The General Manager of Euro Brick has a 4-year mandate, starting June 2023.

b) any agreement, arrangement or family relationship between that person and another person by virtue of which that person has been appointed as a member of the executive management;

This is not the case.

i) participation of the person concerned in the capital of the company.

This is not the case

11.3 For all persons listed in 4.1 and 4.2, details of any litigation or administrative proceedings in which they have been involved in the last 5 years relating to their work with the issuer and those relating to the ability of that person to perform their duties with the issuer:
This is not the case.

12. Consolidated financial statements

a) balance sheet items: assets representing at least 10% of total assets; cash and other liquid assets; reinvested earnings; total current assets; total current liabilities;

(b) profit and loss account: net sales; gross income; cost and expense items of at least 20% of net sales or gross income; provisions for risks and miscellaneous expenses; reference to any sale or discontinuance of a business segment made in the last year or to be made in the next year; dividends declared and paid;

(c) cash flow: all changes in the level of cash in the core business, investments and financial activities, the level of cash at the beginning and end of the period.

Statement of Assets and Liabilities - Consolidated Results as at 31 December 2023

	Notes	**31-Dec-23**	**31-Dec-22**	**1-Jan-22**
			Retired*	**Retired***
		READ	**READ**	**READ**
Fixed assets (ASSETS)				
Non-current assets				
Tangible fixed assets	***11***	367,435,054	203,699,307	156,211,126
Property, plant and equipment				
Real estate investment	***21***	8,885,960	8,885,960	8,885,960
Investment property				
Intangible assets	***12***	18,463,910	1,131,377	1,555,775
Intangible				
Commercial fund		4,865,558		
Goodwill				
Right of use of leased assets	***24***	15,607,366	17,026,366	18,496,865
Right of use assets				
Equity investments	***14***	1,000	1,000	1,000
Investments				
Other non-current assets		822,662	554,017	411,127
Other non-current assets				
		416,081,510	**231,298,027**	**185,561,853**
Current assets				
Current assets				
Stocks	***15***	37,406,837	22,579,885	13,075,235
Inventories				
Trade and similar receivables	***16***	39,407,393	50,248,650	17,064,942
Trade and other receivables				
Other assets	***19***	27,335,449	16,612,591	11,330,612
Other assets				
Cash and cash equivalents	***27***	88,044,885	133,909,885	84,223,350
Cash and cash equivalents				
		192,194,564	**223,351,011**	**125,694,139**

TOTAL ASSETS		**608,276,073**	**454,649,038**	**311,255,992**
CURRENT LIABILITIES				
CURRENT LIABILITIES				
Trade and similar debts	***17***	51,764,048	47,212,962	35,223,686
Trade and other payables				
Other debts (guarantees)	***18***	71,794	-	-
Other liabilities				
Loans	***18***	12,685,230	-	-
Loans and borrowings				
Debts from leasing operations	***26***	816,258	702,461	645,008
Lease liabilities				
Obligations under finance leases	***26***	1,503,553	1,843,727	2,088,135
Obligations under finance leases				
Investment grants	***25***	3,460,812	766,040	621,092
Grants received				-
Income tax liabilities*	***8***	2,499,091	2,499,091	3,266,618
Tax liability				
Provisions	***20***	12,196,018	10,045,567	11,096,948
Provisions				
		84,996,805	**63,069,848**	**52,941,487**
LONG-TERM DEBT				
NON-CURRENT LIABILITIES				
Trade and similar debts	***17***	-	-	-
Non-current trade and other liabilities				
Other debts (guarantees)	***18***	6,357,251	-	-
Other liabilities				
Loans	***18***	69,768,765	-	-
Loans and borrowings				
Debts from leasing operations	***26***	4,491,370	4,937,224	5,329,619
Lease liabilities				
Obligations under finance leases	***26***	1,056,467	2,555,458	4,259,133
Obligations under finance leases				
Investment grants	***25***	16,175,142	6,735,832	6,885,531
Grants received				
Tax postponed	***8***	18,807,092	3,004,628	3,756,047
Deferred tax				
Provisions	***20***	2,877,336	2,848,866	2,780,548
Provisions				
		119,533,424	**20,082,008**	**23,010,878**
TOTAL LIABILITIES		**204,530,227**	**83,151,856**	**75,952,365**
NET ASSETS		**403,745,846**	**371,497,182**	**235,303,627**
CAPITAL AND RESERVES (EQUITY)				
Share capital	***24***	102,745,391	102,745,391	59,779,702
Issued capital				
Profit tax postponed	***8***	(5,211,899)	(3,508,324)	(3,603,372)
Deferred Tax				
Premiums related to the issue of shares	***24***	21,735,848	21,735,848	253,004
Share premium				
Book	***23***	140,606,602	97,996,664	74,475,423
Reserves				
Retained earnings*		143,869,903	152,527,603	104,398,871
Retained earnings				

TOTAL EQUITY	**403,745,844**	**371,497,182**	**235,303,628**

Restated* See Note 29- Accounting presentation errors

Income statement - Consolidated results as at 31 December 2023

	Note	31-Dec-23	31-Dec-22
			Retired*
		READ	**READ**
Income from sales ***Sales revenues***	***3***	**185,433,724**	**221,435,406**
Other operating income *Other operating revenues*	***4***	21,237,035	11,489,841
Other gains and losses *Other gains and losses*		(5,957,195)	348,255
Stock variation *Change in inventories of FG & WiP*		10,086,005	10,962,415
Raw materials and consumables *Raw material and consumables used*	***15***	(32,848,859)	(40,303,581)
Staff expenditure *Personnel Expenses*	***6***	(48,053,921)	(38,846,840)
Depreciation and amortisation *Depreciation and amortisation expenses*		(22,719,907)	(14,488,179)
Other operating expenditure *Other operating expenses*	***5***	(84,003,419)	(76,123,732)
Profit / (Loss) from operations Profit / (Loss) from operation		**23,173,464**	**74,473,585**
Financial income Financial income	***7***	6,498,958	5,080,371
Financial expenses Financial expenses	***7***	(4,678,461)	(1,590,951)
Financial result		**1,820,497**	**3,489,420**
Financial result			
Share of profit of associated entities Income from associates		-	
Profit / (Loss) before tax		**25,080,383**	**77,963,005**
Profit before tax			
Tax expenditure*	***8***	1,079,820	(6,313,031)
Profit / (Loss) from continuing operations		**26,160,203**	**71,649,972**
Profit/(Loss) from discontinued operations, net of tax *Income tax expenses*		-	-
Profit / (Loss) ***Profit after tax***		**26,160,203**	**71,649,972**
Other comprehensive income items that cannot be reclassified to the income statement			
Other comprehensive income			
Total other comprehensive income		**13,225,786**	**(95,048)**

Total other elements of other comprehensive income		
Total overall result	**39,385,989**	**71,554,923**
Total comprehensive income		

Restated* -See Note 29 - Disclosure accounting errors

Flows from operating activities	**31-Dec-23**	**31-Dec-22**
Cash flow from operating activities	**READ**	**READ**
Collections from customers	236,410,376	251,585,867
Customer encashments		
Payments to suppliers	(134,376,352)	(123,734,501)
Supplier payments		
Payments to employees	(33,361,038)	(26,213,071)
Payments to employees		
Pay taxes and duties	(21,349,776)	(33,673,033)
Tax Payments		
Income tax paid	(1,177,460)	(12,823,463)
Income Tax Paid		
Insurance receipts	61,891	-
Insurance encashments		
Insurance payments	(1,131,822)	(678,693)
Insurrance payments		
Interest paid	(2,284,394)	-
Interest Paid		
Other receipts-subsidies	21,514	103,434
Other Encashmants		
Short-term lease payments and low-value assets	*(546,618)*	*(114,716)*
Net cash from operating activities	**42,266,321**	**54,451,824**
Cash from operating activities		

Cash flows from investing activities		
Cash flow from investing activities		
Payments for the acquisition of Eurocaramida shares	(107,078,005)	-
Payments for acquiring shares		
Payments for the purchase of tangible fixed assets	(59,289,505)	(70,557,316)
Payments for acquiring assets		

Proceeds from the sale of tangible fixed assets	415,561	377,520
Proceeds from sold assets		
Interest received	4,912,360	4,060,528
Receipts from interest		
Other investment grants	11,429,781	596,478
Other Encashmants		
Net cash from investing activities	**(149,609,808)**	**(65,522,790)**
Cash from investing activities		
Cash flows from financing activities		
Cash flow from financing activities		
Proceeds from capital contribution	-	64,448,533
Proceeds from share capital increase		
Receipts from loans	88,511,010	-
Cash receipts from loans		
Shareholder dividend payments		
Loans to related parties	(17,565,503)	-
Loans to affiliated parties		
Payment of capital lease liabilities	(2,831,431)	(3,547,974)
Payment of finance-lease debts	(472,183)	(238,231)
Loan repayments	(6,324,829)	-
Guarantee for the purchase of shares		
Guaranteed payment	(91,069)	-
Net cash from financing activities	**61,225,995**	**60,662,328**
Cash from financing activities		
Effect of exchange rate differences	**252,492**	**95,172**
Effect of exchange rate changes		
Net cash inflow/outflow	***(45,865,000)***	***49,686,534***
Net increase/decrease in cash and cash equivalents		
Cash and cash equivalents at beginning of period	***133,909,885***	**84,223,350**
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period	***88,044,885***	**133,909,885**
Cash and cash equivalents at end of period		

13. Signatures

The report shall be signed by the authorised representative of the Board of Directors, the manager/executive director and the company's chief accountant.

Where the company has subsidiaries, the information presented in the annual report shall be presented both in respect of each subsidiary and in respect of the company as a whole.

The Annual Report is accompanied by copies of the following documents:

(a) the company's articles of association, if they have been amended during the reporting year;

b) major contracts concluded by the company during the reporting year;

c) acts of resignation/resignation, if there have been such situations among members of the administration, executive management, auditors;

(d) a list of the company's subsidiaries and controlled companies;

e) the list of persons affiliated to the company.

APPROVED BY THE BOARD OF DIRECTORS ON 25.03.2024

Chairman of the Board of Directors of Cemacon
Daniel Sologon _____________________________

Director General Cemacon
Daniel Sologon_______________________________

Bogdan Cojocaru-Lungu
Financial Manager Cemacon SA_________________________

Chairman of the Board of Directors of Euro Caramida SA
Daniel Sologon ___________________________


BEDESCHI
EVO
CERAMIC