CEMACON SA

STAND-ALONE 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

CUPRINS **PAGE**

CEMACON SA
STAND-ALONE STATEMENT OF COMPREHENSIVE INCOME
ON 31 DECEMBER 2023
(all amounts are in RON, unless otherwise specified)

	Note	Financial year ending 31 December 2023	Financial year ending 31 December 2022
			Restated*
Sales revenues	***3***	**177.166.071**	**221.435.406**
Other operating revenues	***4***	16.573.455	11.489.841
Other gains and losses	5	-2.304.705	348.255
Change in inventories of FG & WiP		11.542.597	10.962.415
Raw material and consumables used	***15***	-43.539.714	-40.303.581
Personnel Expenses	***7***	-44.713.055	-38.846.840
Depreciation and amortisation expenses		-17.200.883	-14.488.179
Other operating expenses	***6***	-69.520.097	-76.123.732
Profit / (Loss) from operations		**28.003.669**	**74.473.585**
Financial income	***8***	7.080.516	5.080.371
Financial expenses	***8***	-4.469.545	-1.590.951
Financial result		**2.610.970**	**3.489.420**
Financial result			
Share of profit of associated entities			
Income from associates			
Profit / (Loss) before tax		**30.614.640**	**77.963.005**
Profit before tax			
Tax expenditure*	***9+30***	473.087	-6.313.031
Profit / (Loss) from continuing operations		**31.087.727**	**71.649.972**
Profit/(Loss) from discontinued operations, net of tax		-	-
Income tax expenses			
Profit / (Loss)		**31.087.727**	**71.649.972**

	Note	Financial year ending 31 December 2023	Financial year ending 31 December 2022
Profit after tax			
Other comprehensive income items that cannot be reclassified to the income statement			
Other comprehensive income			
Total other comprehensive income		**-93.645**	**-95.048**
Total overall result		**30.994.082**	**71.554.923**
Total comprehensive income			
Restated* See Note 30 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 ___________**

	Notes	**Balance at 31 December 2023**	**Balance at 31 December 2022**	**Balance on 1 January 2022**
			Restated*	**Restated***
Fixed assets				
Non-current assets				
Property, plant and equipment	***11***	238.955.811	203.699.307	156.211.126
Investment property	***13***	8.885.960	8.885.960	8.885.960
Intangible	***12***	4.454.414	1.131.377	1.555.775
Right of use assets	***25***	15.607.366	17.026.366	18.496.865
Investments	***14***	127.489.922	1.000	1.000
Other non-current assets		595.277	554.017	411.127
TOTAL Fixed assets		**395.988.750**	**231.298.027**	**185.561.853**
Current assets				
Inventories	***16***	28.717.266	22.579.885	13.075.235
Trade and similar receivables	***17***	48.204.961	50.248.650	17.064.942
Other assets	***15***	21.935.009	16.612.591	11.330.612
Cash and cash equivalents	***18***	85.260.298	133.909.885	84.223.350
TOTAL Current assets		**184.117.535**	**223.351.011**	**125.694.139**
TOTAL ASSETS		**580.106.285**	**454.649.038**	**311.255.992**
CURRENT LIABILITIES				
Trade and other payables	***19***	43.899.413	47.212.962	35.223.686
Other liabilities	***21***	45.039	-	-
Loans and borrowings	***21***	12.685.230	-	-
Obligations under leases	***27***	2.319.811	2.546.188	2.733.143
Grants received	***28***	1.072.629	766.040	621.092
				-
*Tax liability**	***9***	2.499.091	2.499.091	3.266.618
Provisions	***24***	11.742.289	10.045.567	11.096.948
TOTAL CURRENT LIABILITIES		**74.263.503**	**63.069.848**	**52.941.487**

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

	Notes	31-Dec-23	31-Dec-22	1-Jan-22
			Restated*	Restated*
LONG-TERM DEBT				
NON-CURRENT LIABILITIES				
Non-current trade and other liabilities	***19***	-	-	-
Other liabilities	***20***	6.357.251	-	-
Loans and borrowings	***20***	69.768.765	-	-
Obligations under leases	***27***	5.547.838	7.492.682	9.588.752
Grants received	***28***	16.175.142	6.735.832	6.885.531
*Deferred tax**	***9***	2.437.896	3.004.628	3.756.047
Provisions	***24***	2.877.336	2.848.866	2.780.548
TOTAL LONG-TERM DEBT		**103.164.228**	**20.082.008**	**23.010.878**
TOTAL LIABILITIES		**177.427.730**	**83.151.856**	**75.952.365**
NET ASSETS		**402.678.554**	**371.497.182**	**235.303.627**
CAPITAL AND RESERVES (EQUITY)				
Issued capital	***25***	102.745.391	102.745.391	59.779.702
Deferred Tax	***9***	-3.414.679	-3.508.324	-3.603.372
Share premium	***25***	21.735.848	21.735.848	253.004
Reserves	***26***	129.084.391	97.996.664	74.475.423
*Retained earnings**		152.527.603	152.527.603	104.398.871
TOTAL EQUITY		**402.678.554**	**371.497.182**	**235.303.628**
Restated* See Note 30 Accounting presentation errors				

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General Director **Financial Director**

Sologon Daniel **Cojocaru-Lungu Bogdan**

Signature ______________ **Signature ___________**

DIRECT METHOD	**Financial year Closed on 31 December 2023**	**Financial year Closed on 31 December 2022**
Flows from operating activities		
Collections from customers	210.467.227	251.585.867
Payments to suppliers	-114.251.636	-123.734.501
Payments to employees	-30.463.566	-26.213.071
Pay taxes and duties	-19.330.750	-33.673.033
Income tax paid	-710.710	-12.823.463
Insurance receipts	61.891	-
Insurance payments	-999.952	-678.693
Interest paid	-2.227.772	-
Other receipts-subsidies	21.514	103.434
Short-term lease payments and low-value assets	*-546.618*	*-114.716*
Net cash from operating activities	**42.019.628**	**54.451.824**
Cash flows from investing activities		
Payments for the purchase of shares	-121.294.043	-
Payments for the purchase of tangible fixed assets	-47.425.909	-70.557.316
Proceeds from the sale of tangible fixed assets	414.085	377.520
Interest received	4.745.528	4.060.528
Other investment grants	11.429.781	596.478
Net cash used in investing activities	**-152.130.558**	**-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 - interest	-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	**235.348**	**95.172**
Net increase/(decrease) in cash	***-48.649.587***	***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	**85.260.298**	**133.909.885**

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General Director **Financial Director**

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Signature ______________ **Signature ______________**

CEMACON SA
STAND-ALONE 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-Dec-21* 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
01/01/2022 *Retracted	**59.779.703**	**253.004**	**31.455.172**	**9.430.921**	**33.589.330**	**104.398.871**	**-3.603.372**	**235.303.628**
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**	**152.527.602**	**-3.508.324**	**371.497.182**

	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**	**152.527.602**	**-3.508.324**	**371.497.182**
Current overall result	-	-	-	-	-	31.087.727	-	31.087.727
Legal reserves	-	-	-	1.554.386	-	-1.554.386	-	-
Other reserves	-	-	-	-	29.533.341	-29.533.341	-	-
Capitalised deferred tax differences	-	-	-	-	-	-	93.645	93.645
31-Dec-23	**102.745.391**	**21.735.848**	**31.455.172**	**14.916.276**	**82.712.943**	**152.527.602**	**-3.414.679**	**402.678.554**

Restated* See Note 30 - Presentation accounting errors

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General Director | **Financial Director**

Sologon Daniel | **Cojocaru-Lungu Bogdan**

Signature ______________ | **Signature ______________**

INFORMATION ON THE COMPANY'S PRESENTATION:

Cemacon SA ("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.. ceramic blocks factory with main object of activity according to CAEN code 2332. located in Bihor county. Biharia commune. ROMANIA.

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. EURO CARAMIDA S.A. has become an affiliated part of CEMACON SA. currently the process of integrating the Biharia factory into the CEMACON ecosite is underway.

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

1. CEMACON ACCOUNTING POLICIES

Basics of drafting

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

The Stand-Alone financial statements are presented in the national currency Lei, which is also the functional currency of the Company.

Amounts are rounded to the nearest leu, unless otherwise stated.

These Stand-Alone financial statements have been prepared in accordance with OMFP 2844/2016 applicable to publicly traded entities, as amended, namely in accordance with:

- International Financial Reporting Standards (IFRS) adopted by the European Union;
- Accounting Act 82/1991 republished ("Act 82");
- OMF no. 881/2012 on the application of International Financial Reporting Standards ("IFRS") by companies whose securities are admitted to trading on a regulated market,

The preparation of financial statements in accordance with IFRS requires the use of certain critical 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 the reported amounts of revenues and expenses during the reporting 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.

These separate financial statements have been prepared on a going concern basis which assumes that the Company 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 Company will be able to continue in business for the foreseeable future and therefore the application of the going concern basis in the preparation of the financial statements is justified. The Company's financial statements are available on the Company's website - www.cemacon.ro in the section "Shareholder Relations/Financial Statements".

1. CEMACON ACCOUNTING POLICIES (continued)

Measurement base

The financial statements have been prepared on the historical cost basis, except for items disclosed in the notes.

Change in accounting policies

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

In 2023 the Company 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 Company 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

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

1. CEMACON ACCOUNTING POLICIES (continued)

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the company's estimates the use of hedge accounting for a portfolio of financial assets and liabilities under IAS 39: "Financial Instruments: Recognition and Measurement" would not materially affect the financial statements if applied at the balance sheet date.

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 Company 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 Company 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 Company's contracts under IFRS 15. The Company 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 Company retains significant risks associated with the property, the transaction is not a sale and revenue is not recognised. If the Company retains only an insignificant risk of ownership, then the transaction is a sale and revenue is recognised.

Cemacon SA presented the financial discounts as a reduction in revenue.

The Company adopted the new standard on the mandatory effective date using the modified retrospective method. Following the analysis performed by the Company, there was no impact from IFRS 15 requiring restatement of the retained earnings, so no effect from restatement was recorded in the retained earnings.

a) Income from contracts with customers

In preparing for the adoption of IFRS 15, the Company 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.

1. CEMACON ACCOUNTING POLICIES (continued)

***Revenue recognition* (continued)**

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 Company 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 Company 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 as a result of the adoption of IFRS 15 is not material. At the same time, instances of quality claims (rights of return) are isolated and immaterial, based on information from past periods, such that at the reporting date, the Company can make a reasonable estimate that such revenue reversal 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 Company 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 company 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 Company has reviewed its contracts with customers to determine all of its performance obligations and has not identified any new performance obligations that should be accounted for separately in accordance with 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 company may not have the ability to use the product or direct it to another customer.

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.

1. CEMACON ACCOUNTING POLICIES (continued)

***Revenue recognition* (continued)**

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 company has only one reporting segment, the production and sale of building bricks. The nature of the products in the Company's range is similar, as is their production process. Also, the nature of the economic and legislative environment to which the Company's activity is subject is the same for all production and marketing activities undertaken by the Company. The Company has no significant sales on the external market, which would meet the reporting criteria of a separate segment. The assets held by the Company 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 Stand-Alone financial statements, are exclusively related to the Company's only business segment, which is the production and marketing of building bricks.

Conversion of foreign currency transactions

The Company's transactions in foreign currency are recorded at the exchange rates communicated by the National Bank of Romania ("NBR") 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 as part of the financial result.

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	4.5743	4.6885
Euro	EUR	4.9465	4.9315

Financial Assets

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

1. CEMACON ACCOUNTING POLICIES

Financial assets (*continued*)

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 Company 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 Company's categories of financial assets, 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 Company 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 Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for prospective factors specific to the 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 a 12-month period from 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.

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

Financial Debts

The Company 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.

1. CEMACON ACCOUNTING POLICIES

Financial debts (continued)

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.

Borrowing costs

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 finance leases;
- 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.

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 Company makes payments to state health, pension and unemployment funds on behalf of its employees at statutory rates. All the Company's employees 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.

1. CEMACON ACCOUNTING POLICIES

Pensions and other post-retirement benefits (continued)

According to the collective labour agreement, the Company rewards employees who have reached retirement age by granting financial bonuses according to their seniority in the Company. The Company 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 22 - Employee Benefits.

Leasing Contracts

Society as tenant

The company assesses whether a contract is or contains a lease at the beginning of the contract. The Company 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 leases for low-value assets. For these leases, the Company recognizes lease payments as an operating expense on a straight-line basis over the term of the lease 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.

Lease liabilities are presented as a separate line in the Stand-Alone 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 Company shall reassess the rental obligation (and make 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).

1. CEMACON ACCOUNTING POLICIES

Leasing Contracts (continued)

Society as tenant (continued)

- 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 company has updated in 2023 the right of use of the asset, as a result of 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 Company 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 Company 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 Company 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 Stand-Alone 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 Company has not used this practical expedient. For contracts containing a lease component and one or more additional lease components or non-lease components, the Company allocates consideration in the contract to each lease component based on the stand-alone price of the lease component and the aggregate price of each non-lease component.

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:

- 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.

1. CEMACON ACCOUNTING POLICIES

Intangible assets

b) ***Intangible assets acquired (continued)***

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.

c) 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 expenditure is recognised at its 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.

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 that is recognised as intangible assets is amortised over the period in which the Company expects to derive benefits from the products developed.

1. CEMACON ACCOUNTING POLICIES

Intangible assets

d) 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, licences, trademarks, rights and similar assets are amortised over the period of their expected useful life.

e) Trade Fund

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 Stand-Alone 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 company 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 11.

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.

1. CEMACON ACCOUNTING POLICIES (continued)

Tangible assets (continued)

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 function in the manner desired by the company;

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.

1. CEMACON ACCOUNTING POLICIES (continued)

Tangible assets (continued)

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.

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

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.

1. CEMACON ACCOUNTING POLICIES (continued)

b) Depreciation based on the units of production method

For the equipment at the Recea production plant, the company's management 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 Company 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 Company 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 Company 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.

Revaluation of fixed assets

For assets whose value after recognition is determined using the revaluation model, the Company performs 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 the 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.

1. CEMACON ACCOUNTING POLICIES (continued)

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
- Company 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 carrying amount and fair value.

Assets held for sale are not depreciated.

Real estate investments

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.

A property ceases to be recognised as an investment property when it is disposed of or when it is 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.

Investments in subsidiaries

Investments in subsidiaries represent shares held in these entities. These investments are initially recorded at cost and subsequently at cost less accumulated impairment adjustments. IFRS 9 permits an exception for those interests held in subsidiaries that are accounted for in accordance with IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements or IAS 28 Investments in Associates and Joint Ventures.

Cemacon applies this exemption and continues to value interests held in subsidiaries and associates at cost less any impairment losses.

At each balance sheet date, the Company assesses whether there is any indication of impairment of investments in subsidiaries.

These indicators relate to significant changes that have occurred in the economic environment in which the entities concerned operate, or significant changes in the development of the financial position or financial performance of the entities in which the Company has an interest.

1. CEMACON ACCOUNTING POLICIES (continued)

Where there is an indication of impairment, the Company performs an impairment test and calculates the amount of impairment loss as the difference between the recoverable amount and the net carrying amount. With the exception of assets whose value will be recovered through a sale transaction rather than through use, for all impairment tests performed, recoverable amount was based on value in use.

Its valuation requires various estimates and assumptions, depending on the nature of the business, such as discount rates, growth rates, gross margins. Impairment losses resulting from impairment tests are an expense of the current year and are recognised in the income statement.

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).

The Loved 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 Company is legally entitled to offset 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. CEMACON 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 stocks, 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 stocks such as raw materials, spare parts, ancillary materials and finished products, stocks are analysed at the balance sheet date and adjustments are made for those products which are damaged or morally worn out.

Grants

Government grants are not recognised until there is reasonable assurance that the Company 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 Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose principal condition is that the Company purchases, constructs or otherwise acquires fixed assets (including property, plant and equipment) are recognised as deferred income in the separate 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 28.

Provisions

The company 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 Company 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 valuing the provision the Company 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. CEMACON 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 as interest expense,

c) take into account future events, such as changes in legislation or technological developments, 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 Company 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 Company 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 Company 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 Stand-Alone result may be the best estimate of the debt. However, even in such a situation, the Company 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'.

1. CEMACON ACCOUNTING POLICIES (continued)

Provisions (*continued*)

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.

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 company measures the fair value of an asset or liability based on the assumptions that market participants would use to price the asset or liability, assuming they are acting to obtain maximum economic benefit,

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 Company reviews the amounts of assets and liabilities that require revaluation or fair value restatement in accordance with the accounting policies applied, The carrying amounts of the Company's principal assets and liabilities (cash, trade and other receivables, trade and other current receivables) approximate their fair value at the reporting date.

Affiliated Parties

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

Related Persons:

A person or a close family member is associated with the reporting company if:

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

Affiliated Entities:

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

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

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

1. CEMACON 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).

Cemacon SA's 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, and 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 Company will adjust the amounts recognised in its financial statements to reflect the events leading to the adjustment to the financial statements. The Company 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 Company need not recognise those dividends as a liability at the balance sheet date.

The company 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 other than 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 company 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 issuance, the entity shall disclose this fact.

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

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

In some cases, the Company 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. CEMACON ACCOUNTING POLICIES (continued)

Share-based payment

The Company 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 Company receives goods or services as consideration for the Company's equity instruments (shares or share options),

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

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

CO2 Emmision Certificates (EUA)

According to the environmental regulations in force Cemacon SA receives certificates for greenhouse gas emissions (EUA) according to the program for the period 2021 - 2025.

The Company has decided to adopt the cost treatment of certificates and debt, as under the previously used IFRIC 3 treatment 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 company 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 Company'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 company-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 Company 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 Company reviews litigation, 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 company's management 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 Company 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 income tax

The Company 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.

2. ACCOUNTING ESTIMATES (continued)

Pension provision

Provisions for pensions: according to the collective labour agreement valid in 2022, the Company's employees will receive the following allowances upon retirement, according to the length of service in the Company, only once:

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

For further details, please check Note 22 - Employee benefits.

Provision for untaken leave

Provision for untaken leave: the Company has recorded a provision for the expense of untaken leave by employees during 2022. The provisioned amounts have been estimated based on the number of leave days relating to 2022 remaining to be taken by the Company's employees and the related leave allowances. The Company estimates that the amounts related to these provisions will be realized during 2023.

For further details, please refer to Note 24 - Provisions.

Provision for environmental restoration

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

For further details, please refer to Note 24 - Provisions.

Other provisions

Included in this category are various provisions for which the Company expects short-term cash outflows to be realized but of uncertain value. In estimating these amounts the Company has used its best estimates and knowledge of the underlying events as at 31 December 2022 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 24 - Provisions.

The table below shows the estimates made by the company as at 31 December 2023:

Estimated values at the end of the reporting period	**Sold on 31-Dec-23**	**Balance at 31-Dec-22**
Provisions related to employees and directors	10.992.281	10.648.293
Income tax lover	2.437.896	3.004.628
Providing environmental restoration	2.183.340	2.196.140
Litigation provision	50.000	50.000
Other provisions	1.394.004	-
Total estimated values	**17.057.521**	**15.899.061**

2. ACCOUNTING ESTIMATES (continued)

Depreciation Assets

As at 31 December 2023, the Company has reviewed factors that could lead to indications of asset impairment. Taking into account the aspects analysed, the Company considers that there are no indications of impairment of the assets of the Recea or Zalau factory, except for the assets acquired from the supplier Bedeschi, with which the Company has a dispute pending.

For further details see Note 11 - Tangible Fixed Assets

Depreciation of financial investments

As at 31 December 2023, the Company has analysed factors that could lead to indications of impairment of financial investments. Taking into account the fact that the financial investments occurred this year, we have not identified any risk of impairment as at 31 December 2023.

3. SALES REVENUE

Income from sales	Financial year concluded at 31-Dec-23	Financial year concluded at 31-Dec-22
Sales of finished products	173.556.161	230.885.240
Sales of goods	24.905.445	13.477.507
Sales of services	2.008.072	1.804.533
Financial reductions granted	174	-2.778.566
Trade discounts granted	-23.303.781	-21.953.308
Total	**177.166.072**	**221.435.406**

The Company has reviewed its contracts with customers to determine all of its performance obligations and has not identified any new performance obligations that should be accounted for separately in accordance with IFRS 15.

The Company's main revenues in 2023 were from the sale of finished products 173.55 million lei, the sale of goods 24.90 million lei and the provision of services 2 million lei, and the amount of commercial and financial discounts granted, related to product sales was 23.3 million lei.

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

4. OTHER OPERATING REVENUE

Other operating income is generated by activities that do not form part of the Company's general business purpose, which is why it is presented differently from sales revenue.

Other income	Financial year concluded at 31-Dec-23	Financial year concluded at 31-Dec-22
Income from miscellaneous services	15.929.263	11.112.116
Income from operating subsidies	209.498	167.315
Compensation income	359.058	134.774
Income from subsidies for assets	75.636	75.636
Total	**16.573.455**	**11.489.841**

5. OTHER GAINS AND LOSSES

Other gains and losses	Financial year concluded at 31-Dec-23	Financial year concluded at 31-Dec-22
Income from sale of assets	347.971	377.520
Expenditure on sales of assets	-175.112	-52.845
Income cancellation of provisions	7.550.685	10.798.206
Income from reversal of impairment adjustments on current assets	2.529.429	1.013.138
Provisioning expenses	-9.275.877	-9.696.964
Expenses from value adjustments related to the impairment of current assets	-3.281.801	-2.090.800
Total gain (loss)	**-2.304.705**	**348.255**

Income related to the reversal of provisions amounted to 7.5 million lei. Expenditure on provisions amounted to RON 9.2 million (for more details see Note 24 "Provisions").

6. OTHER OPERATING EXPENSES

Other operating expenditure	Financial year concluded at 31-Dec-23	Financial year concluded at 31-Dec-22
Utilities	22.203.357	27.349.388
Transport and logistics	20.164.962	19.647.044
Expenditure on EUA Certificates	11.899.075	14.124.965
Other services provided by third parties	3.941.968	3.709.467
Advertising	3.018.052	2.444.672
Repairs	2.791.781	3.179.234
State budget taxes	2.105.455	1.736.167
Insurance	1.083.773	757.602
Rentals	546.618	114.716
Commissions	328.022	244.457
Staff training	215.453	208.069
Environmental Protection Expenditure	209.939	457.993
Post and telecommunications	167.071	148.119
Miscellaneous	844.572	2.001.839
Total	**69.520.097**	**76.123.732**

7. STAFF COSTS

The company 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 Stand-Alone level of each employee. Stand-Alone targets are set by cascading at department / sub-department / person level Cemacon's annual targets.

The level of achievement of the objectives is periodically evaluated, following which employees receive a monthly/quarterly and annual performance bonus in proportion to the result of the evaluation and according to the overall performance of the Company.

7. STAFF EXPENDITURE (CONTINUED)

	Financial year concluded at	Financial year concluded at
Staff expenditure without key management	**31-Dec-23**	**31-Dec-22**
Salaries	27.700.220	20.043.905
Bonuses	8.332.597	8.542.207
Civil contracts	-	-
Taxes and social contributions	816.967	645.833
Other benefits	2.156.267	1.514.333
Total	**39.006.051**	**30.746.278**

Key management

Key management consists of those people who have the authority and responsibility for planning. management and control of the Company's activities.

a) Allowances granted to members of administrative bodies. management and supervision

	Financial year concluded at	Financial year concluded at
Expenditure on allowances	**31-Dec-23**	**31-Dec-22**
Administrators	1.003.882	1.421.933
Directors' remuneration	1.071.229	988.430
Director bonuses	3.506.287	5.511.889
Taxes and contributions	125.606	178.310
Total	**5.707.004**	**8.100.562**
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)	**44.713.055**	**38.846.840**

During 2023 the company had 2 directors: General Director -Sologon Daniel, Financial Director - Cojocaru Bogdan.

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 Karina Paval
4. Mrs. Dana Rodica Beju
5. Mr Adrian Fercu

7. STAFF EXPENDITURE (CONTINUED)

The Board of Directors of CEMACON SA decided to appoint Mr. Sologon Daniel as provisional administrator starting from 01.01.2022. Mr. Sologon was also elected as Chairman of the Board of Directors. As of 28.04.2022, Mr. Sologon has been elected to the position of Director by the General Meeting of Shareholders of the Company. At the meeting of the Board of Directors held on 28.04.2022, Mr. Sologon was also elected Chairman of the Board.

In 2023, 2022 the composition of the Board of Directors of CEMACON 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.

b) Advances and loans 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	79	73
Production staff	210	195
Total	**289**	**268**

8. FINANCIAL INCOME AND EXPENDITURE

	Financial year concluded at	**Financial year concluded at**
Financial income	**31-Dec-23**	**31-Dec-22**
Interest income	5.439.208	4.060.530
Income from exchange rate differences	1.641.307	1.019.841
Total	**7.080.516**	**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	1,768,810	1,029,569
Total	**4,469,545**	**1,590,951**

Financial income is represented by interest income 5.43 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 1.76 million lei, and other financial expenses 0.31 million lei.

9. 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	30.614.640	77.963.005	77.963.005
Income-like items	-	-	-
Non-taxable and assimilated income	-7.702.032	-8.131.045	-8.131.045
Deductible legal reserve	-1.554.386	-3.930.969	-3.930.969
Non-deductible and similar expenses	13.870.851	14.318.551	14.318.551
Profit before tax	**35.229.073**	**80.219.543**	80.219.543
Corporate tax rate	16%	16%	16%
Income tax calculated by applying local tax rates	**5.636.652**	**12.835.127**	**12.835.127**
Tax loss to be recovered from previous years	-	-	-
Income tax payable after recovery of loss	**5.636.652**	**12.835.127**	**12.835.127**
Tax-deductible sponsorships	-	-1.581.312	-1.581.312
Deductions related to reinvested earnings	-5.636.652	-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**

9. 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
		Initial	Restated*
Profit/Loss before tax	**30.614.640**	**77.963.005**	**77.963.005**
Corporate income tax at the statutory rate of 16%	4.898.342	12.474.081	12.474.081
Effect of non-deductible expenditure	2.219.336	2.290.968	2.290.968
Effect of non-taxable income	-7.117.679	-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
		Initial	Restated*
Total tax deferred at the beginning of the period	-3.004.628	-3.756.048	-3.756.048
Deferred tax expenses related to temporary differences	473.087	656.372	656.372
Amant tax recognised in other equity items	93.645	95.048	95.048
Total deferred income tax	**-2.437.896**	**-3.004.628**	**-3.004.628**
Total Deferred income tax	**-2.437.896**	**-3.004.628**	**-3.004.628**

Debts and debts from deferred tax

Deferred income tax liabilities	Financial year ending 31 December 2023	Financial year ending 31 December 2022	Financial year ending 31 December 2022
		Initial	Restated*
Fixed assets	6.708.925	6.573.356	6.573.356
Total deferred income tax liabilities	**6.708.925**	**6.573.356**	**6.573.356**

Deferred income tax claims	Financial year ending 31 December 2023	Financial year ending 31 December 2022	Financial year ending 31 December 2022
		Initial	Restated*
IFRS15 income adjustment	1.453.285	925.411	925.411
Provisions	1.988.448	1.935.458	1.935.458
Creator	481.422	213.221	213.221
Stocks	347.874	494.639	494.639
Total deferred income tax claims	**4.271.029**	**3.568.729**	**3.568.729**

9. TAX EXPENDITURE (CONTINUED)

Offsetting of deferred tax liabilities under the offsetting provisions	**4.271.029**	**3.568.729**	**3.568.729**
Net deferred income tax liabilities	**2.437.896**	**3.004.628**	**3.004.628**

Element	**Financial year ending 31 December 2023**	**Financial year ending 31 December 2022**	**Financial year ending 31 December 2022**
		Initial	**Restated***
Current income tax recognised in comprehensive income	-	6.761.240	6.969.403
Deferred income tax recognised in comprehensive income	(473.087)	(656.372)	(656.372)
Total Tax recognised in Comprehensive Income	**- 473.087**	**6.104.868**	**6.313.031**

Restated* See Note 30 - 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.

10. EARNINGS PER SHARE

In 2023 the Company did not pay dividends.

The Company's retained earnings at the end of 2023 is 152,527,603 lei.

For more details see footnote 25.

	Financial year concluded at	**Financial year concluded at**
Earnings per share	**31-Dec-23**	**31-Dec-22**
Number of shares issued	935.310.418	935.310.418
Total profit/(loss)	31.087.727	71.858.135
Total profit/(loss) per share	**0,0332**	**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, please refer to Note 25 - "Share Capital".

11. TANGIBLE FIXED ASSETS

Gross value of fixed assets 31 December 2023						
Tangible fixed assets	**Sold Initial**	**Purchases**	**Value increases (2)**	**Transfer - lease out (3)**	**Cedari (4)**	**Sold Out**
Land	23.462.684	-	-	-	-	23.462.684
Landscaping	2.183.340	-	-	-	-	2.183.340
Construction	60.988.785	24.019.191	3.828.494	-	-	88.836.470
Machinery, Plant and Equipment	163.032.657	38.275.979	3.454.712	112.307	(2.010.685)	202.864.969
Office Furniture and Equipment	1.902.543	306.356	30.895	-	-	2.239.794
Fixed assets In progress	25.415.301	61.490.653	-	-	(80.324.566)	6.581.388
Total	**276.985.309**	**124.092.179**	**7.314.101**	**112.307**	**(82.335.251)**	**326.168.644**

(1) From 2019 onwards, the company shows advances granted for fixed assets in the notes to the accounts receivable.
(2) The value increases line refers to increases in the value of existing assets, improvements (e.g. through capitalisation, capital repairs, etc.).
(3) The line transfer out of leases records the transfer of assets acquired under a lease (IAS 17). See note 25.
(4) The line for disposals of machinery, plant and equipment records the disposal of equipment by sale or scrapping.

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**

11. TANGIBLE FIXED ASSETS (CONTINUED)

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	1.589.511	12.798	-	-	1.602.309
Building depreciation	3.140.551	4.379.181	-	-	7.519.732
Depreciation of machines, installations, machinery	67.501.259	11.045.276	1.835.574	67.514	76.778.475
Depreciation of furniture and office equipment	746.620	257.634	-	-	1.004.254
Adjustments for land depreciation	(0)	-	-	-	-
Adjustments for depreciation of machinery and equipment	308.062	-	-	-	308.062
Total	**73.286.004**	**15.694.889**	**1.835.574**	**67.514**	**87.212.833**

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 machines, installations, machinery	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**

11. TANGIBLE FIXED ASSETS (CONTINUED)

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	23.462.684	-	-	-	23.462.684
Landscaping	2.183.340	-	(1.602.309)	-	581.031
Construction	88.836.470	-	(7.519.732)	-	81.316.738
Machinery, Plant and Equipment	202.864.969	-	(76.778.475)	(308.062)	125.778.432
Office Furniture and Equipment	2.239.794	-	(1.004.254)	-	1.235.539
Ongoing Real Estate	6.581.388	-	-	-	6.581.388
Total	**326.168.644**	**-**	**(86.904.771)**	**(308.062)**	**238.955.812**

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**

11. TANGIBLE FIXED ASSETS (CONTINUED)

Value of fixed assets in progress				
Investments in progress	**Initial sale**	**Entries**	**Outputs**	**Sold out**
Land	95.793	345.423	279.211	162.005
Construction	13.079.799	15.953.864	27.554.014	1.479.649
Machinery, Plant and Equipment	10.207.875	32.245.766	41.555.176	898.465
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	2.768.608	279.211	3.737.165
Total	**25.415.301**	**55.490.713**	**74.324.626**	**6.581.388**

- **There are no mortgages or pledges on tangible assets.**

Assets held for sale

As at 31 December 2023 the Company has no assets held for sale.

Asset related to discovery activity

Cemacon company carries out clay mining activities, through day mining works in the Recea Cemacon mining perimeter, Varsolt commune, county. Salaj (own quarry).

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 breakthrough 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 as 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.

11. TANGIBLE FIXED ASSETS (CONTINUED)

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	-	-
Growth through merger	-	-
Amounts transferred from the reserve during the financial year	-	-
Revaluation reserve at the end of the financial year	**31.455.172**	**31.455.172**

In the 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 Company has reviewed the factors that could lead to indications of impairment using the same discounted cash flow method as above: The Company considered in the impairment analysis the assets existing as at 31 December 2022 both in the income generating Company "Recea Factory" and "Zalau Factory". Based on the results obtained in 2022 and the estimates for 2023, a 5-year forecast was prepared in order to achieve a stable cash flow, based on which the terminal value was 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 Company was determined by the perpetual growth method using a perpetual growth rate of 2%. In order to ensure the certainty of the data on the values obtained, a sensitivity analysis was also performed with 9 results on the terminal value 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 depreciation adjustments, the Company has taken a prudent approach, considering the lowest result (Weighted Average Cost of Capital of 12% and Perpetual Growth Rate 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 Company considers that there are no indications on 31.12.2023 regarding the depreciation of the assets of the Recea Factory or the Zalau Factory.

12. INTANGIBLE FIXED ASSETS

The structure of intangible assets is:

31-Dec-23			
Intangible fixed assets	**Sold Initial**	**Purchases**	**Sold Out**
Development expenditure	1.974.130	2.507.251	4.481.381
Concessions. licensed patents	676.532	410.245	1.086.777
Other intangible assets	839.923	1.107.452	1.947.375
Intangible assets in progress	-		-
Total	**3.490.585**	**4.024.948**	**7.515.533**

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**	**Sold Out**
Development expenditure	1.564.002	268.329	1.832.331
Concessions. licensed patents	299.820	161.250	461.070
Other intangible assets	495.386	272.332	767.718
Total	**2.359.208**	**701.911**	**3.061.119**

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**

12. INTANGIBLE FIXED ASSETS (CONTINUED)

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	1.086.777	625.707	676.532	376.712
Other intangible assets	1.947.375	1.179.656	839.923	344.537
Intangible assets in progress	-	-	-	-
Total	**7.515.533**	**4.454.414**	**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.

13. 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 December 2023**	**Transfers**	**Revaluation increases/decreases**	**Book value at 31 December 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.

14. FINANCIAL FIXED ASSETS

Equity investments	**31-Dec-23**	**31-Dec-22**
Investments in subsidiaries	127.488.922	-
Investments in associated entities	1.000	1.000
Total	**127.489.922**	**1.000**

In 2023 Cemacon acquired the brick factory located in Biharia, Bihor County, at a purchase price of 127.488.922 lei. The company owns 100% of the shares of Euro Caramida SA.

There is a 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, according to the loan agreement (see Note 21).

15. OTHER ASSETS

As of 31 December 2023, the Company had 51,572 pieces of greenhouse gas emission certificates at cost, in the amount of 21,597,171 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 Company must comply.

Other assets	Initial sale	Purchases	Cedari	Sold out
Greenhouse gas emission allowances	16.299.113	18.526.922	(13.228.864)	21.597.171
Green certificates	313.478	282.723	(258.362)	337.838
Total	**16.612.591**	**18.809.645**	**(13.487.226)**	**21.935.009**

16. INVENTORY

	Sold to 31-Dec-23	Sold to 31-Dec-22
Raw materials and consumables	5.093.027	4.637.181
Packaging	2.512.478	4.735.920
Adjustments	(669.797)	(2.400.413)
Ongoing production	27.601	139.893
Semi-Finished and Finished Products	18.149.758	13.430.515
Adjustments	(1.227.423)	(328.479)
Marfuri	5.108.621	2.727.871
Adjustments	(276.995)	(362.602)
Total	**28.717.266**	**22.579.885**

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

Raw materials and consumables	Financial year Closed on 31-Dec-23	Financial year Closed on 31-Dec-22
Raw materials	14.814.299	17.928.339
Auxiliary materials	5.702.354	7.723.322
Packaging	3.123.235	5.859.453
Marfuri	14.327.430	1.586.174
Inventory items	408.307	511.888
Other consumables	176.294	129.013
Miscellaneous	4.987.796	6.565.391
Total	**43.539.714**	**40.303.581**

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

Inventory adjustments

Where necessary. adjustments are made for physically or morally worn stocks. Net realisable value is estimated based on the selling price less selling expenses.

Adjustment element	Sold to 31-Dec-23	Sold to 31-Dec-22
Impairment adjustments on stocks built up in the year	3.091.495	(1.306.288)
Impairment adjustments on stocks 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 2022 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.

There are no mortgages or pledges on stocks.

17. TRADE AND OTHER RECEIVABLES

Trade and similar receivables	Sold on 31-Dec-23	Balance at 31-Dec-22
Commercial creditor	28.890.702	26.231.945
Adjustments for trade receivables	(3.292.880)	(1.623.228)
Claims with related parties	20.350.472	-
Corporate tax	710.636	5.086.507
Other claims on the state budget	754.404	864.365
Grants	164.093	630.237
Sundry debtors and other receivables	(330)	301.501
Total financial assets other than cash. classified as loans and receivables	**47.577.096**	**31.491.326**
Advances and advance expenses	627.865	18.757.323
Total	**48.204.961**	**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**

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

In order to reduce credit risk, the Company has taken out commercial credit insurance with Coface. 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-collection.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

There is a movable hypothec on present and future receipts and the balance of current accounts and sub-accounts under the loan agreement (Note 21).

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	**Sold on 31-Dec-23**	**Balance at 31-Dec-22**
Available in the bank	85.259.891	133.896.748
Cash and cash equivalents	408	13.138
Total	**85.260.298**	**133.909.885**

As at 31 December 2023 there are no financial instruments that generate credit risk exposures that are pledged. The balances of the foreign currency denominated cash accounts as at 31.12.2023 are not material.

19. TRADE AND SIMILAR DEBTS

Trade and similar debts	**Sold to 31-Dec-23**	**Sold to 31-Dec-22**
Trade debts	13.935.067	17.179.797
Providers of fixed assets	876.278	7.479.514
Intra-group debts	2.082.793	11.239
Leasing liabilities	487	2.838
Debts to employees	3.107.062	2.081.858
Taxes and social contributions	181.541	1.065.719
Other tax liabilities	4.517.557	745.965
Other debts	10.577.284	13.568.543
Total liabilities less loans, classified as measured at amortised cost	**35.278.069**	**42.135.473**
Dividends		
Advances	1.320.313	425.669
Income in advance	7.301.031	4.651.820
Total	**43.899.413**	**47.212.962**

There are no mortgages or pledges on receivables.

20. FINANCIAL INSTRUMENTS

The Company is mainly exposed to EURO and USD. The financial risk generated by transactions in foreign currency has little impact on the Company's operational 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 Company does not use derivatives to mitigate this risk.

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

1. Foreign base allocation

2023	RON	EUR	USD	CHF	GBP	Total
Trade and other receivables	48,143,891	61,070				48,204,961
Cash and cash equivalents	76,605,825	8,654,473				85,260,298
Total monetary assets	**124,749,716**	**8,715,543**	**-**	**-**	**-**	**133,465,259**
Trade and other debts	42,995,477	903,936				43,899,413
Loans		82,453,995				82,453,995
Debts from leasing operations		5,307,628				5,307,628
Obligations under finance leases	2,454,965	105,057				2,560,022
Total monetary liabilities	**45,450,442**	**88,770,617**	**-**	**-**	**-**	**134,221,058**
Net exposure	**79,299,274**	**(80,055,074)**	**-**	**-**	**-**	**(755,799)**

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	48,204,961				48,204,961
Cash and cash equivalents	85,260,298				85,260,298
Total financial assets	**133,465,259**				**133,465,259**
Trade and other debts	43,899,413				43,899,413
Loans					-
Debts from leasing operations	816,258	851,860	2,853,728	785,782	5,307,628
Finance lease bonds	1,503,553	1,056,466	-	-	2,560,020
Total financial liabilities	**46,219,224**	**1,908,326**	**2,853,728**	**785,782**	**51,767,061**
Net exposure	**87,246,035**	**(1,908,326)**	**(2,853,728)**	**(785,782)**	**81,698,198**

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

19. FINANCIAL INSTRUMENTS (CONTINUED)

The difference in interest we consider 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 Company 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 collateral or advances, when appropriate, as a means of reducing the risk of financial loss from contract default. The Company's exposure and credit ratings of third party contractors are monitored by management.

The Company's maximum exposure to credit risk is 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 Company.

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 Company 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 believes that there is no significant risk of loss to the Company beyond the provisions already recorded.

The Company considers credit risk exposure to counterparties or counterparties with similar characteristics by analysing receivables Stand-Alonely and making impairment adjustments.

- Liquidity risk

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

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

- Financial risk

The Company'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 Company's operations through internal risk reports, which analyze 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.

- 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.

19. FINANCIAL INSTRUMENTS (CONTINUED)

- Market risk

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

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

- Financial risk

  The Company'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 Company's operations through internal risk reports, which analyze 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.

21. TAXATION

In 2022 the Company had no loans from banks.

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

Current Loans	**Sold 31-Dec-23**
Short-term loans and overdrafts	12.685.230
Current portion of long-term loans	-
Guarantees granted	45.039
Loans to non-specialised institutions	-
Financial leasing	2.319.811
Loans from related parties	-
Total current loans	**15.050.080**

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

Loan details:

Credit institution	**Sold 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 Euro Caramida.
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.

22. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

				Non-numbered changes	
	1 January 2023	Flows from financing activities	New leases	Currency impact	31 December 2023
Bank loans (note 20)	-	82.186.181	-	267.814	82.453.995
Leasing (including escrow) (note 20 and note 27)	10.038.871	-2.203.180	-	31.958	7.867.649
Total liabilities from financing activities	**10.038.871**	**79.983.001**	**-**	**299.772**	**90.321.644**

The financial indicators in the financing contract were tested at the end of 2023, and are within the established limits.

23. 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 Company 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 Stand-Alone salary at the date of retirement
> 20 years	2 Stand-Alone salaries at the date of retirement

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

For details see Note 24 Provisions.

22. EMPLOYEE BENEFITS (CONTINUED)

Employee benefits	**Sold on 31-Dec-23**	**Balance at 31-Dec-22**
Retirement benefits	2.877.336	2.848.866
Provision for annual leave	867.413	248.742
Employee bonuses	3.990.481	2.153.504
Management bonuses	3.257.051	5.397.181
Total	**10.992.281**	**10.648.293**

Employee benefits amounting to RON 10,992,281 are reconciled to line 1 of Note 2 - Accounting estimates.

Benefit structure	**Sold on 31-Dec-23**	**Balance at 31-Dec-22**
Short term	8.114.945	7.799.427
Long term	2.877.336	2.848.866
Total	**10.992.281**	**10.648.293**

24. 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	248.742	618.671	-	867.413
Pensions	2.848.866	28.470	-	2.877.336
Providing environmental restoration	2.196.137	-	(12.797)	2.183.340
Provision of employee bonuses	2.153.504	3.990.480	(2.153.504)	3.990.480
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 penaltiesTax control	-	1.394.004	-	1.394.004
Total	**12.894.429**	**9.083.377**	**(7.358.183)**	**14.619.625**

The short and long term presentation of provisions is:

Provision structure	**Short term**	**Long term**
Litigation	50.000	-
Unused leave	867.413	-
Pensions		2.877.336
Providing environmental restoration	2.183.340	-
Other provisions	8.641.535	-
Total	**11.742.289**	**2.877.336**

23. PROVISION (CONTINUE)

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

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

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

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

25. SHARE CAPITAL

As of 31 December 2023 the share capital structure is:

Share capital structure	**31-Dec-23**	**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**

23. SHARE CAPITAL

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 the shares of the Company are common and have the same voting rights.

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

26. 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 profit of the Company in the rates and limits provided by law. In 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 Company'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. In 2023 the Company did not record any revaluation reserves.
Reserves on reinvested earnings	In 2023, the Company 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 Company 2.1 and 2.2.9, respectively, in accordance with 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	Merger Surcharges	Diminuari	Sold out
Legal reserves	13.361.889	1.554.386	-	-	14.916.275
Revaluation reserves	31.455.172	-	-	-	31.455.172
Reinvested earnings reserves	51.478.669	29.533.341	-	-	81.012.010
Other reserves	1.700.933	-	-	-	1.700.933
Total	**97.996.664**	**31.087.727**	**-**	**-**	**129.084.391**

27. LEASING AND RIGHT OF USE OF ASSETS

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

Leasing company	Leasing type	Leased goods
UNICREDIT LEASING CORPORATION IFN	Financial Leasing	Machinery and equipment
BT LEASING	Financial 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 the assets respectively lease liabilities without adjustment. The Company has also applied the IFRS 16 treatment to leases.

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

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**

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 table below:

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 maturity of lease payments in the period 2022 is 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**

28. INVESTMENT GRANTS

Investment grants	**31-Dec-23**	**31-Dec-22**
Current	1.072.629	766.040
Long-term	16.175.142	6.735.832
Total	**17.247.771**	**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 Energy consumption monitoring
17.247.771	**lei**	**TOTAL**

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

29. TRANSACTIONS WITH RELATED PARTIES

The affiliated parties of the Company in 2023 are:

- DEDEMAN SRL with headquarters in Mun. Alexei Tolstoi, 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 - a company of the Dedeman Society;
- PAVAL HOLDING SRL with headquarters in Mun. Alexei Tolstoi Street, nr. 8, Bacău County, CUI: 39895050, Ord.Reg.Com. no.: J04/ 1405/2018 - a Dedeman company;
- EURO CARAMIDA SA with headquarters in Sat. Biharia, Str. Caramizii, nr. 1, Judet Bihor, CUI: 16131690, Nr.Ord.Reg.Com.: J05/209/2004 CEMACON SA has acquired 100% of the share capital of EURO CARAMIDA S.A.
- Sologon Daniel - General Manager and Chairman of the Board of Directors
- Karina Paval - CA member
- Dana-Rodica Beju - Board member
- Dragos Paval - Board member
- Adrian Fercu - Board member

27. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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	-	-
Euro Brick	1.873.493	-	22.052.310	-	17.573.999	-
Total	**11.693.696**	**20.061.585**	**22.162.237**	**191.239**	**17.573.999**	**-**

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	-	-
Euro Brick	1.139.783	-	6.095.422	-	18.267.679	-
Total	2.082.793	9.023	6.101.538	11.239	18.267.679	-

30. 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 that have occurred as a result of 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	0
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

31. SUBSEQUENT EVENTS

This is not the case.

32. OTHER INFORMATION

Fees paid to auditors:

All fees paid relate to audit services on the Stand-Alone financial statements prepared by the Company in accordance with IFRS. The auditor's fee for the year 2023, in accordance with the contract between the parties, was EUR 61,000. The Company's auditor is SC 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.

33. CONTINGENT

Taxing

The Company considers that it has paid on time and in full all taxes, duties, 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 by the authorities regarding 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.

BOARD OF DIRECTORS REPORT

25.03.2024

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

For the financial year

2023

Report date

25.03.2024

Company name:

Cemacon S.A.

Social headquarters:

Calea Turzii street Nr. 178K, first floor, Cluj-Napoca, Romania

Unique Registration Code

RO677858

Registered business number

J12 / 2466/2012

The regulated market on which the issued securities are traded:

Bucharest Stock Exchange - Main Market Standard category

Subscribed and paid-up share capital

93.531.041,80 LEI

Main characteristics of the securities issued by the company:

Shares with a nominal value of RON 0.1 / traded share

1. Analysis of commercial activity

1.1. Description of the Company's Basic Activity

Description of the basic activity

The company's main activity profile is the production and sale of fired clay masonry elements, used in civil and industrial construction works.

The experience of over 50 years and the permanent desire for innovation have left their mark on the evolution of the company. By improving and diversifying the range of products, the company has managed to maintain an upward evolution over the years, registering constant increases in productivity and reaching the top of the masonry system manufacturers in Romania.

Since the fall of 2010, the company operates the most modern production line of ceramic blocks in Romania, with a maximum capacity of 385,000 m3/year, investment carried out between 2008-2010. Since 2018, the company also operates a lintel factory, in Recea commune, Salaj county, and from June 2023, the exposed brick factory was put into operation in the same location in Salaj county. In order to expand the effective coverage area of the delivery areas, in 2023 CEMACON acquired a production unit in Biharia in Bihor county, with the main activity profile of the production of fired clay masonry elements.

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

Specifying the date of incorporation of the Company

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

Starting with 2017, DEDEMAN - national leader in the retail of construction materials and interior design, with 100% Romanian capital, operating a network of over 50 stores, entered 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 the package owned by Cemacon to Paval Holding, the investment vehicle of the DEDEMAN group. Currently, Cemacon is owned by Paval Holding and PIF Industrial SRL. The shareholding structure of Cemacon, on 31.12.2023, is presented as follows:

Shareholder	No. of share	Percentage
PAVAL Holding SRL	753.963.090	80,6110%
PIF INDUSTRIAL	156.730.172	16.7570%
Others	24.617.156	2.6320%
TOTAL	**935.310.418**	**100.0000%**

Sursa: DEPOZITARUL CENTRAL Data: 12/31/2023

The headquarters of Cemacon is in Cluj-Napoca. The production is mainly ensured by the factory in the town of Recea, Salaj county, where the company uses the most modern manufacturing line in South-Eastern Europe, as well as by the factory in Zalau, put back into operation starting from 2015. The production of lintels is provided by the factory in the town of Recea, Salaj county.

On 31.12.2023, the company had a number of 289 employees, the average number of employees in 2023 being 269 people.

Cemacon has a vast national distribution network, currently having over 420 outlets throughout the country.

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

Not Applicable

Description of acquisitions and/or alienation of assets

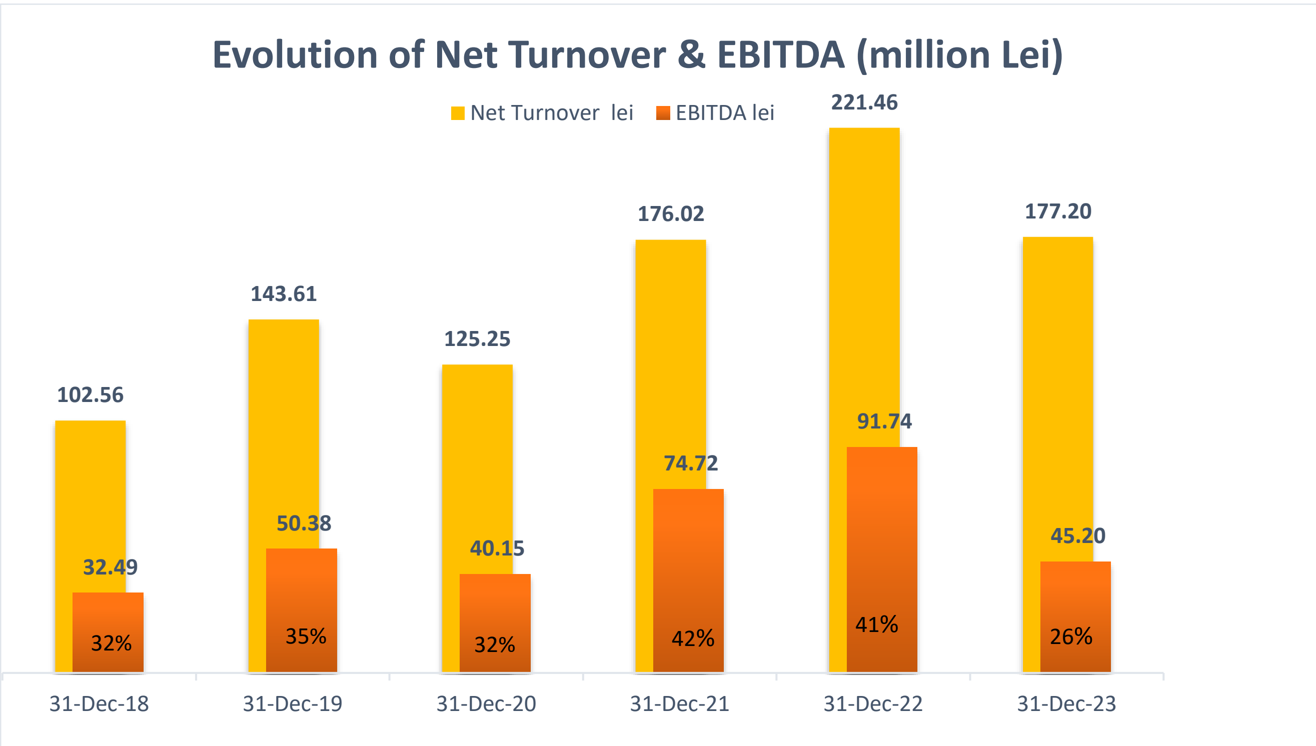
The main acquisitions and sales of assets in the period January-December 2022 are presented in the following table:

Intangible assets	**Acquisitions**	**Assignments**
Licences and Patents	410.245	0
Development costs	2.507.251	0
Other intangible assets	19.917.096	13.487.226
Total	**22.834.592**	**13.487.226**
Tangible assets	**Acquisitions**	**Assignments**
Lands	0	0
Land harnessing	0	0
Constructions	27.847.685	0
Machines, Installations and Tools	41.730.691	2.010.685
Furniture and Office Appliances	337.251	0
Total	**69.915.627**	**2.010.685**

In 2023, Cemacon SA continued the implementation of the investments started in 2022, also accessing non-refundable financing for a photovoltaic park with an installed power of 1 MWH, through the Norwegian Financial Mechanism 2014-2021, Program for Energy in Romania Call 3.1.

1.1.1. *Description of the main results in assessing the company's activity*

General assessment elements (profit, turnover, export, costs, % market, liquidity)



In an unstable macroeconomic context, marked by inflation, high interest rates and external uncertainties, the turnover for 2023 recorded a 20% decrease compared to 2022.

For the period ending on December 31, 2023, CEMACON recorded an operating profit of 46,598,381 lei and a net profit of 32,481,730 lei.

Indicator(mil lei)	2019	2020	2021	2022	2023
Net turnover (lei)	143,61	125,25	176,02	221,46	177,20
EBITDA (lei)	50,38	40,15	74,72	91,74	45,20
Financial result (lei)	-1,33	-1,13	0,31	3,4	2,6
Net result (lei)	34,10	22,54	54,85	71,85	31,08

The national market share estimated for 2023 is 28%(including Euro Caramida plant).

As of 31.12.2023, the available on the company's account was 85.0260.298 lei.

1.1.2. Assessment of the Company’s Technical level

Description of the main products realized and/or services provided, mentioning

a) the main outlet market for each product and service and the distribution methods

CEMACON has an estimated market share of approx. 28% nationally. This result was obtained through the acquisition of the Euro Caramida factory and through the involvement of the distribution network, strongly consolidated and motivated by our partnership and a good national coverage, having more than 420 points of sale 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 CEMACON brand's notoriety in the market, supported the increase in demand for the three categories of masonry solutions. We 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 considered for which a substantial volume of assets will be affected in the future financial year as well as the stage of development of these products

In 2023, the ceramic block market contracted, the demand being impacted by the high level of bank interest rates, inflation and the external situation. We estimate that in 2024 as well, the conditions that negatively impacted 2023 will persist even if there are premises to mitigate them. In 2023, CEMACON put into operation a new factory dedicated to the production of decorative facade elements and ceramic coating elements related to the production of lintels. For the year 2024, we estimate the development of this business line, which addresses both the new construction segment and the renovation segment.

1.1.3. Assessment of the technical-material supply activity

(mention data regarding: supply sources (indigenous/import), safety of supply sources and prices of raw materials and dimensions of stocks of raw materials and materials)

The main materials purchased by CEMACON SA are: wooden pallets; stretch hood foil; wood sawdust; power plant ash; bulk diesel fuel. Pallets, sawdust, ash and diesel are purchased from indigenous suppliers, and the stretch hood film, both from indigenous and imported sources. The supply and price of materials is ensured by supply contracts signed with each individual supplier. The company works with several suppliers to ensure the necessary materials in order to avoid any kind of supply syncopation. Stocks of raw materials are dimensioned in such a way that possible supply interruptions by a supplier do not disrupt the production activity. The company is not dependent on single suppliers.

1.1.4. Assessment of selling activity

a) ***Description of sequential evolution of sales on the domestic and/foreign market and sales prospects on medium and long term***
b) ***Description of the competitive situation in the field of activity of the company, the share market of the Company's products and services and key competitors.***
c) **Description of any significant dependence of the company to a single client or to group of clients whose loss would have a negative impact on the company revenues**

Even in the conditions of the contraction of the ceramic block market, Cemacon kept the production level close to 100% capacity at both factories, thus registering an estimated national market share of 28% (and as a result of the acquisition of the Euro Caramida factory). The production volume was impacted by the necessary shutdowns for maintenance and repairs.
The company considers the general context of maintaining a high level of inflation, which continues to impact bank interest policy and residential market prices. We also consider that for the year 2024, the main challenge that the construction sector will face will be mainly the lack of labor, seconded by the high interest rates and the restrictive conditions for granting mortgage loans, to which are also added the changes in taxation applicable to the purchase of new homes.

The main competitors of the company are:

Wienerberger Sisteme de Caramizi SRL
Sos. Bucuresti - Ploiesti nr 42-44, Sector 1, Baneasa Business & Technology Park, Cladirea A1, Etaj 1 Cod postal 013696, Bucuresti, Romania.
Brikston Construction Solutions SA – parte a grupului Leier
Iasi, Calea Chisinaului nr. 176
Siceram SA – parte a grupului Leier
Sighisoara, Str. Viilor nr. 123, 545400 Jud. Mures
Soceram SA
Strada Drumul Taberei, nr. 46, Campina, jud. Prahova

1.1.5. Assessments of aspects linked to the Company's employees/staff

a) Specifying the number and level of training of company employees and the degree of unionization of the workforce

CEMACON SA ended the year 2023 with a number of 289 employees. The annual average (FTE) being 269 employees.
Of the total number of employees, 33% have higher education. Approximately 32% of the employees are part of the Free Trade Union from SC CEMACON SA, affiliated to Familia Construct.

b) Description of the relationship between manager and employees and any conflicting elements that characterize these relations

The development and consolidation of the organizational culture of the CEMACON SA company was also in 2023 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 what is the level of individual expected results. The feedback received from the direct managers specifically targets the employee's performance and actions and not his person, based on the achievements on the job compared to the expectations. Thus, the relations between management and employees are based on dialogue, figures and concrete objectives, any kind of unprofessional conduct on the part of any of the parties being sanctioned by the Internal Regulation.

1.1.6. Assessment of aspects linked to the impact of the issuer's core activity on the environment *(synthetic description of the issuer's core activities impact on the environment as well as any existing or envisaged litigation regarding the violation of the legislation on environmental protection)*

The manufacturing activity of the ceramic blocks at the Recea Factory and at the Zalau Factory 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.

1.1.7. Assessment of the research-development activity *(Specifying the expenditure in the financial year and those that are anticipated in the next financial year for research and development activity)*

Cemacon constantly invests in research and development to provide its customers with innovative solutions for efficient construction. The cutting-edge technology we use allows us to produce building materials to the highest standards of efficiency and strength. The products in the EVOCERAMIC range combine innovation with state-of-the-art technology to offer superior performance to other products on the market, whether it's a lower consumption of mortar, reduced material wastage or increased thermal and sound insulation efficiency. By putting into operation the factory of special elements and apparent brick, the best technical solutions were implemented in order to obtain a superior quality product that meets the market requirements.

1.1.8. Assessment of the Company's activity regarding risk management

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

b) Description of the Company's policies and objectives regarding risk management

Internal controll

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, but also by 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 the management are feasible,
• significant risks are identified and evaluated objectively, for all processes and departments,
• adequate resources are allocated to reduce, transfer or eliminate significant risks,
• the necessary measures for preventive control, risk reduction and loss minimization in the event of a negative event are defined and implemented,
• the stage of implementation of control measures is constantly monitored,
• the level of risk in the organization is periodically reassessed,
• remaining risks are communicated and made aware in the organization.

At the company level, there is an internal control and risk management function that monitors business risks. Periodically, an update of the risk map is drawn up, which is discussed at the management level and presented to the board of directors. The annual budget package also contains an analysis of the main risks and the measures considered by the management for their management.

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

1. Commercial credit

In the conditions of the pressure to increase the credit limits granted to clients that have characterized the construction sector, commercial credit represents one of the most relevant risk dimensions for Cemacon.

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

The credit controller performs a continuous evaluation of the balances and the risk of non-payment; clients are distributed by risk class following a complex analysis that takes into account the Coface rating, the ceiling covered by commercial credit insurance, their guarantees and quality, the client's payment behavior as well as other qualitative information collected directly from the market through sales agents and from other sources. Depending on the defined risk class, periodic monitoring is applied regarding insolvency procedures, ONRC status, pending processes, ANAF debts, CIP, as well as analyzes of financial information updated with annual/semiannual frequency.

2. Compliance with legal requirements.

The management team and the Board of Directors are committed to respecting and fully complying with all legal requirements, of any nature.

3. Competition actions

The actions of the competition were countered by the implementation of promotional and motivational campaigns for the traditional partners.

External Risks

1. The risk of increasing inflationary pressures

The company has paid special attention to the evolution of inflation, which has manifested itself prominently in the area of energy and gas. Also in the area of auxiliary raw materials, packaging, logistics and in the area of equipment and works related to the investments made, the effects of the accelerated increase in inflation from 2023 will be they made themselves felt. In order to reduce the effects of inflation on employees' incomes, the company made a series of changes to the salary packages.

2. The risk of exchange rate variations

The company's transactions in foreign currency are recorded in accounting at the exchange rates from the date of their execution, the gains and losses resulting from the settlement of such transactions as well as from the conversion of some monetary assets and liabilities expressed in foreign currency, being recognized as expenses or income in the account of profit and loss.

The balances of availability in foreign currency are converted into lei at the exchange rate at the end of the year. On 31.12.2023, the company has committed loans in euros in the total amount of 16,575,000 euros, loans related to the acquisition and modernization of the factory in Biharia.

3.Interest rate risk

Interest rate risk represents the risk that the value of a financial instrument will fluctuate as a result of the variation of interest rates on the market. On 31.12.2023, the company has committed bank loans in the total amount of 16,575,000 euros, equivalent to 82,453,995 lei.

4. Liquidity risk

Liquidity risk management belongs to the management of the company, which constituted an appropriate risk management framework regarding the provision of short- and medium-term funds. The company manages the liquidity risk by continuously monitoring the real cash flow and by matching the maturity profiles of financial assets and liabilities.

The available cash and cash equivalents at the end of 2023 is 85.260.298 lei, representing 48% of the net turnover of 177.204.394 lei.

5. Risks regarding the Shares

From the point of view of the value of the transactions carried out or of the market capitalization, the Bucharest Stock Exchange can be considered a small exchange, compared to other 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 traded shares.

The reduced liquidity of the market may determine the impossibility of buying or selling shares of the Company without having a significant impact on the price of that share, thus generating a high volatility of the share price. The shareholding structure at the end of 2023 is concentrated, the company having at the end of 2023 two large shareholders who act in concert and who accumulate a holding of over 95%, a fact that determines a small free float and on the way to consequence a low liquidity on the stock market.

Internal control system

The internal control system represents the set of measures and actions implemented at all levels, in order to achieve the company's objectives through optimal risk management, ensuring the efficiency and effectiveness of operations, the accuracy of financial reports 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 organization.

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

- ✓ The manual of internal procedures, 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 revised periodically,
- ✓ The Quality-Environment-Health and Safety at Work Integrated Management System, which ensures the harmonization, consistency and improvement of processes and working methods and compliance with legal requirements,
- ✓ The budgeting and budget tracking system, which ensures the establishment and monitoring of financial and operational objectives,
- ✓ The internal reporting system, which ensures relevant, accurate and timely information for process monitoring and decision-making,
- ✓ Periodic performance analyzes carried out in order to evaluate the functioning of processes and operational results,
- ✓ Automation of processes and transactions in the IT system, by managing a well configured, used and secured IT system,
- ✓ Carrying out internal and external audits, with the role of ensuring effectiveness and compliance with control and financial reporting standards.
- ✓ The TUV certification system, which ensures an annual reverification of compliance in order to obtain the ISO certifications and recertifications that the company holds.

An important objective of the Internal Control System is the implementation of the 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 the necessary corrective measures are taken on time.

The operation and performance of the internal control system is audited every year and the Management Team is committed to increasing the standards of professional competence and implementing all necessary corrective and improvement measures to provide a solid basis of trust and assurance regarding risk management and fulfillment objectives.

1.2 Perspectives on the company's activity

a) Presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the company's liquidity compared with the same period of the previous year.

b) Presentation and analysis of the effects of current or anticipated capital expenditures on the financial position of the company compared to the same period last year. Costs;

c) Presentation and analysis of the events, transactions, economic changes that significantly affect revenues from core activities.

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

In the context of the war in Ukraine, the company's management is paying more attention to this situation with a negative impact on the global markets of raw materials, logistics, fuel and energy. The company is constantly analyzing several work scenarios to reduce the risks generated by the war in Ukraine.

There are no strategic dependencies on suppliers, as well as on raw materials with quoted prices, the stocks are at optimal levels to ensure the uninterrupted development of the current activity, there are no dependencies on strategic customers from the perspective of cash flows, and the company has financial solidity . However, the company's management has analyzed several potential negative scenarios that can be induced by the current international and national situation and manifests an attitude of vigilant expectation that will allow it to react in case of the materialization of a risk scenario.
At the company level, a business continuity plan is developed, the entire executive management team being prepared to apply emergency plans to ensure operational continuity.

b) *Not applicable*

c) *Not applicable.*

2. Corporate Governance

The CEMACON company is engaged in ensuring transparent, relevant and quality communication with shareholders, investors and the general public and in complying with applicable regulations from the perspective of a company listed on the Bucharest Stock Exchange.

The Corporate Governance Code, adopted in the company since 2014, confirms the commitment to business integrity, continuous improvement of communication with stakeholders and transparency regarding the provision of information to them. Thus, both the quarterly reports, and especially the financial statements and the annual reports offer a high degree of detail and a very good visibility on the company's activity, relevant events and financial statements.
Since 2015, CEMACON sends all reports to the bilingual Stock Exchange (Romanian and English) to support shareholders and potential foreign investors.

Corporate governance structures

CEMACON SA's corporate bodies are structured as follows:

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

Cemacon SA is a Company managed in a two-tier system by the directors of which one is appointed General Manager, the general directions of development and society actions being established and pursued by the Board of Directors.

2.1.1. The General Assemby of the Shareholders (“AGA”)

Cemacon SA has defined and implemented solid internal procedures on AGA organizing and development, as well as rules that govern its legal and statutory activity of thereof, in accordance with the Articles of Association and applicable legislation.

In terms of its structure, depending on the matters that require the approval of Shareholders, the General Assembly of Shareholders may be Ordinary or Extraordinary.

2.1.2.Board of Directors

Cemacon SA is managed by a Board of Directors, composed of 5 members elected for a period of 4 years, and which exercises its mandate, in the interest of the company, with the prudence and diligence of a good

administrator and which takes all the necessary and useful measures that are within his competence, in order to carry out the company's activity in the best conditions. In 2023, the Board of Directors of CEMACON SA held a number of 13 working meetings in which the evolution of the company, its financial situation, were analyzed and decisions were taken in accordance with the provided attributions by the constitutive act and by the applicable legislation.
The Board of Directors is subordinate to the General Meeting of Shareholders.

2.1.3. Consultative Committees

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

2.2. Executive Management

The executive management of the Company is comprised of two managers, natural persons, with the duties delegated by the Board of Directos.

The Directors are responsable for taking all the measures corresponding to the Company's management, within the limits of its object of activity and for complying with the exclusive competencies exclusive reserved by law, by the Articles of incorporation, Board of Directors and General Assemby of Shareholders.

2.3. Rights of Shareholders

The main rights of shareholders in connection with the General Shareholders Assembly are listed below:
The 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 an informed basis;
The right to a minimum period of notice: Shareholders are informed of an upcoming Shareholders' Meeting through the convocation published in the Official Gazette and in a newspaper of national circulation at least 30 days before the meeting; also, the convocation is published on the Company's website, in the Investor Relations section, and submitted to the National Securities Commission and the Bucharest Stock Exchange in the form of a current report;
The right to supplement the agenda of the meeting: Cemacon SA's shareholders, representing individually or together with other shareholders at least 5% of the share capital may request the addition of supplementary items on the agenda within the limits and in accordance with the applicable law;
The right to participate in the meeting: Shareholders registered in the shareholders register at the reference date are entitled to attend in person or by proxy the General Assemblies of the Shareholders of the Company;
Rights to vote: The Company's share capital is represented by ordinary shares conferring voting rights for each share registered in the name of the shareholder on the reference date;
The right to address questions: Any shareholder of the Company may submit written questions concerning items on the agenda of the General Meeting of the Shareholders and is entitled to receive answers from CEMACON SA.

3. Transparency, Financial reporting, Internal Control and Risk management

3.1 Transparency

Cemacon SA carries out the periodical and continuous reporting of all the significant events, including the Financial situation, Performance and Management.

In order to make available relevant information for the shareholders, Cemacon SA has created on the Company's website (www.cemacon.ro) a special section, named «Shareholders relations», easily accessible and updated when necessary. This page is structured so that the shareholders and investors may have Access to all the necessary information, that is information related to the General Meeting of the Shareholders, financial schedule, financial reporting, current reporting, corporate governance, shareholders structure, etc.

Also, Cemacon SA has internal structures specialized for the relationship with the investors and for the relationship with its own shareholders. The shareholders may ask questions and communicate by the following means:

- ☑ Send registered mail at the Company's headquarters, 178K Calea Turzii str., 1st floor, Cluj-Napoca, Romania

- ☑ Send documents by e-mail: office@cemacon.ro

3.2. Financial reporting

The Company prepares and disseminates relevant periodical and continuous reporting, in accordance with the International Financial Reporting Standards (IFRS) and other reporting standards. The information is disseminated both in Romanian and in English.
The reports made available for the investors are, among others:

- ☑ The annual financial statements drawn according to the IFRS
- ☑ The semestrial financial statements according to IFRS
- ☑ The quarterly financial statements according to IFRS
- ☑ Other reports.

The information is disseminated on the company's website: www.cemacon.ro, section "shareholders relations", on the website of the Bucharest Stock Exchange, at the registered office of the company Cemacon SA.

3.3 Eficiency of the financial reporting, of the internal control and of the risk management

The Audit Committee shall support the Board of Directors to monitor the credibility and integrity of the financial information made available by the Company, especially by revising the relevance and consistency of the accounting standard applied by the Company (including the consolidation criteria).

The Audit Committee shall make recommendations to the Board of Directors concerning the selection, appointment, reappointment and replacement of the financial auditor, as well as the terms and conditions of his remuneration. The Audit committee shall monitor the independence and objectivity of the financial auditor.

The Company has implemented a management and control system of the internal risk, suitable for the developed activity. The Company uses as internal instruments for the management and control of risk.

3.4. Litigations at 31.12.2023

In 2023, the litigation with the supplier Bedeschi continued, in which Unicredit, as the owner of the line purchased from the supplier, and CEMACON, the user, as defendants, and the supplier Bedeschi, as the plaintiff, are parties. In 2019, in application of the contractual provisions, Unicredit and CEMACON applied late penalties to the supplier Bedeschi and executed the bank guarantee letter of good execution. The supplier contests the application of these penalties. The dispute is judged by the Bucharest Court. Cemacon submitted to the case file, arguments and documents from which it can be concluded that Bedeschi's claims are unfounded, so that Cemacon has the first chance to convince the court that Bedeschi's requests are unfounded.

In 2021, CEMACON started a litigation with the National Environmental Guard - Salaj County Commissariat for contesting a minutes by which GNM - Salaj Commissariat ordered the application of measures related to CEMACON SA - Zalau plant, for alleged violations of some provisions from the Integrated Environmental Authorization of the Zalau work point. CEMACON SA challenged the ordered measures in court, these being suspended until a final decision is issued by the courts.

4. The tangible assets of the Company

4.1. Specifying the location and characteristics of the main production facilities owned by the company

Currently, the main activity profile of the Company is the production and sale of fired clay masonry elements, used in civil and industrial construction works.

Starting from the fall of 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 tracking and correcting the programs used. By automating the processes, better operational costs and higher quality indicators are obtained.

In 2023, the degree of utilization of the production capacity was 100%, on the current assortment. The annual installed production capacity at the factory in Recea is 385,000 physical cubic meters of the basic product.

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

4.2 Description and analysis of the company's properties wear degree

The degree of wear and tear of the assets is correctly reflected in the accounting through the depreciation recorded according to the accounting policies.

An impairment loss is recognized as the amount by which the book value of the asset exceeds the recoverable amount. The recoverable amount is the higher value between the fair value of the asset less the costs of sale and the value in use. To assess impairment, assets are grouped down to the lowest level at which there are separately identifiable cash flows.

4.3. Specifying the potential problems of the ownership of the tangible assets of the company

Not applicable.

5. The Securities Market issued by the Company

5.1. Specifying the markets in Romania and other countries on which securities issued by the company are being negotiated.

The company trades securities on the Bucharest Stock Exchange under the symbol CEON on the Main segment the Standard category. The main REGS market with continuous trading pattern.

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

Simbol:	CEON
ISIN:	ROCEONACNOR0
Tip:	Actiuni
Segment:	Principal
Categorie:	Standard
Stare:	Tranzactionabila

5.2. Description of the Company's policy on dividends

(Specifying the dividends due / paid / accrued in the last three years and, if applicable, the reasons for any reduction in the dividends over the past 3 years)

The company's result at the end of 2023 is 31,087,727 lei, so the cumulative carried forward result is 152,527,603 lei.

Considering the company's needs for development through the implementation of new investments and in accordance with the practice of previous years, the proposal of the Board of Directors is to allocate the profit obtained for its own sources of financing.

5.3. Description of any activities of the company to purchase its own shares

In 2023, the company, did not carry out operations to purchase its own shares.

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

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

6. Management of the Company

6.**1. Presentation of the list of the company's administrators and of the following information for each administrator:**

CEMACON SA has the following Board of Directors:

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): During the period 28.04.2021-31.12.2022 the composition of the Board of Directors of CEMACON SA was the following:

1.	Mr. Liviu Ionel Stoleru (President of the Board of Directors);
2.	Mr. Dragos Paval
3.	Mrs. Karina Paval;
4.	Mrs. Dana Rodica Beju;
5.	Mr. Adrian Fercu

Appointment or replacement of board members and amend the articles of incorporation of the entity is made by applying the law (Law 31/1990 as amended and supplemented)

The Board duties are stipulated by Law 31/1990, as amended and supplemented, and has no powers on the issue and redemption of shares.

a) CV (name, age, qualification, professional experience, position and seniority)

Daniel Sologon

Master in Business Administration, Faculty of Business (2005) and Bachelor in Management, Faculty of European Studies (2004), both at the "Babes-Bolyai" University of Cluj-Napoca.

Direct experience of private equity and portfolio investments acquired in the Middle Europe Investments, Palmer Capital Group (2009-2011) through involvement at Board and executive management level, in the companies from the portfolio in order to improve the financial performance and identifying investment opportunities and formalizing them as business proposals.

Experience as a Financial Analyst & marketing at Eh'klar Schuller, a subsidiary of the Austrian group, leader in the field of finishing construction materials, and as a financial analyst for investment projects for the real estate developer Imoinvest SA, part of IMOFINANCE Financial Group.

Operational manager, in charge of the integration and optimization of logistics functions, assembly and warranty service within Brinel Group of Companies, regional leader for IT&C.

Dragos Paval

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

Dana Rodica Beju

Dana Rodica Beju has over 30 years of experience in the economic field, of which 15 years in the financial-banking field. Currently she is a financial analyst at DEDEMAN SRL, the most dynamic Romanian company on the DIY market, with over 50 stores open in Romania.

She has worked in OTP Bank Romania and within BRD - Soc. Gender. Companies in which it has gained relevant expertise both in the field financial analysis and in relation to legal entities. At the same time, the expertise gained in the capital market within BRD - Soc. Gen. as well as within the Confident Invest - financial intermediation company, is an important asset for CEMACON S.A. administrators, function held from April 2017.

Karina Paval

A graduate of Queen Mary, University Of London, Business Administration section and a master's degree in finance at the University of Cambridge, Mrs. Karina Paval has over 5 years of experience in finance and investments. He is a member of the Investment Committee of the ROCA platform, at the same time holding the position of Development Director within DEDEMAN and Paval Holding. In the period 2018-2019, 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

Economist by profession, Mr. Adrian Fercu has over 20 years of experience in the financial banking field. In the period 1999-2019, Mr. Fercu has accumulated a vast experience within Unicredit Bank, RBS Bank, Banca Comerciale Romana and Banca Carpatica, occupying various management positions from Customer Relations Manager to Regional Director. From the year 202019, Mr. Fercu fase part of the DEDEMAN team, taking care of the development of the investments. From 2020, Mr. Fercu is a member of the Board of Directors of the Vrancart company, and from 28.04.2021 he is a member of the Board of Directors of the CEMACON company.

b) any agreement, understanding or family connection between that administrator and another person because that person was appointed administrator
Not applicable.

c)the direct participation of the administrator in the capital of the company on 31.12.2023

Member of the board	No. of Shares	% Holdings
Mr. Daniel Soogon	0	0
Mrs. Dana Beju	0	0
Mr. Dragos Paval	0	0
Mr. Adrian Fercu	0	0
Mrs. Karina Paval	0	0

d) the Company's affiliated persons list

The company's affiliates in 2023 were:

- DEDEMAN SRL with registered office in Bacău, Str. Alexei Tolstoi, nr. 8, C.I.F.: RO 2816464, Nr.Ord.Reg.Com.: J04/2621/1992 acting in concern with Paval Holding Srl;
- PIF INDUSTRIAL SRL with registered office in loc Bacău, Str. Alexei Tolstoi, nr. 8, CUI 18227759, Nr.Ord.Reg.Com.: J4/2200/2005 – shareholder;
- Dedeman Automobile SRL with registered office in Bacau, Street Calea Republicii nr. 185, Bacau county, CUI 15934070, Nr. Ord. Reg. Com. J04/1513/2003 – acting in concern with DEDEMAN SRL.
- Paval Holding Srl with registered office Bacău, Str. Alexei Tolstoi, nr. 8, CUI: 39895050, Nr. Ord. Reg.Com.: J04/1405/2018 - shareholder
- Daniel Sologon – General Manager and President of Board of Directors
- Dana-Rodica Beju – member of the Board of Directors
- Dragos Paval – member of the Board of Directors
- Adrian Fercu – member of the Board of Directors
- Karina Paval – member of the Board of Directors
- Bogdan Cojocaru-Lungu – CFO and member of the board at Euro Caramida SA
- Euro Caramida SA – Cemacon SA owns 100% Euro Caramida SA
- Radu Barbur – member of the board at Euro Caramida SA

6.2. Presentation of the list of the executive management of the company. Presenting the following information for each one:

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

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

Daniel Sologon – General Manager

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 10 years ago, successively occupying the positions of financial controller, deputy financial manager and starting with 01.01.2022, the position of Financial Director. Mister. Bogdan Cojocaru-Lungu graduated from the Faculty of Economic Sciences and Business Management at Babes-Bolyai University in Cluj, holding a Master's degree in Management, Accounting, Audit and Control. After completing his master's studies Mr. Bogdan Cojocaru-Lungu worked for 2 years in KPMG Romania, dealing with the design and implementation of audit tests, establishing relationships with clients and collecting information for audit missions. The activity within CEMACON in the position of financial controller involved the monitoring of the reconciliation and implementation of the budget execution by departments, the realization of cost, profitability and opportunity analyses, participation in the project teams intended to access non-reimbursable European funds. After occupying 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, developing proposals for improving and streamlining operational activity, optimizing the use of resources, supervising digitization projects, coordinating and monitoring the department of investments.

b) any agreement, understanding or family connection between the person and another person because of whom that person has been appointed as member of the executive management;

Not applicable.

c) participation of the person in the company's capital.

Manager	Number of shares	% ownership
Daniel Sologon	0	0
Bogdan Cojocaru-Lungu	0	0

6.3. For all the people presented in 4.1. and 4.2. indication of any disputes or administrative proceedings they were involved in the last 5 years, related to their activity within the issuer, as well as those concerning the ability of that person to perform their duties within the issuer:

Not applicable.

7. Financial and accounting statements

(a) balance sheet items: assets representing at least 10% of total assets; cash and other liquid assets; reinvested profits; total current assets; total current liabilities;
b) profit and loss account: net sales; gross income; cost and expense items with a weight of at least 20% in net sales or gross incomes; risk provisions and for various expenses; reference to any sale or closure of a segment of activity performed in the last year or to be carried out in the following year; dividends declared and paid;
(c) cash flow: all changes in cash in core business, investment and financial activity, cash at beginning and end of period.

a)

	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20
Total Assets	580,106,285	454,649,038	311,255,994	269,195,697
Cash and cash equivalents	85,260,298	133,909,885	84,223,350	51,314,569
Reserve for reinvested profit	81,012,011	51,478,669	31,888,397	21,964,130
Current assets	184,117,535	223,351,011	125,694,140	96,396,209
Current liabilities	74,263,503	60,570,757	50,650,560	41,359,124

b)

	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20
Gross turnover	200,508,001	246,187,970	190,903,036	134,456,242
Net turnover	177,204,394	221,456,096	176,020,735	125,249,908
Raw materiales and consumables used	(43,539,714)	(40,303,581)	-29,843,988	-22,031,384
Personel expenses	(44,713,055)	(38,846,840)	-29,208,067	-28,637,701

Other operating expenses	(69,520,097)	(76,123,732)	-59,874,808	-39,835,492
Provisions	(14,619,625)	(12,894,433)	-13,877,496	-10,115,976

c)

Cash and cash equivalents	**31-Dec-23**	**31-Dec-22**	**31-Dec-21**	**31-Dec-20**
Cash in bank	85,259,891	133,896,748	84,222,742	51,310,788
Cash and cash equivalents	407.88	13,138	609	3,781
Total	**85,260,298**	**133,909,885**	**84,223,350**	**51,314,569**

8. Signatures

The report will be signed by the authorized representative of the Board, the manager / executive manager and by the chief accountant of the company.

If the company has subsidiaries, the information presented in the annual report will be presented both with respect to each subsidiary and on the company as a whole.

The annual report is accompanied by copies of the following documents:

a) ***articles of association of the company, if they have been modified for the reporting year;***

b) ***important contracts concluded by the company in the year for the reporting year;***

c) ***acts of resignation / dismissal, if such situations existed among members of the administration, executive management, censors;***

d) ***list of branches of the company and the companies controlled by it;***

e) ***list of persons affiliated to the company.***

APPROVED BY THE BOARD OF DIRECTORS ON 25.03.2023

President of the Board of Directors

Daniel Sologon ____

General Manager
Daniel Sologon ____

Bogdan Cojocaru-Lungu
Financial Manager ____


BEDESCHI
EVO
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