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## Independent Auditors' Report

### To the Shareholders of Roca Industry HoldingRock1 SA

Gara Herastrau nr. 4, corp A, etaj 3, sector 2, Bucuresti  
Unique Registration Code: 44987869

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

1. We have audited the consolidated financial statements of Roca Industry HoldingRock1 SA ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.
2. The consolidated financial statements as at and for the year ended 31 December 2023 are identified as follows:
  - Net assets/Total equity: Lei 183,598,920
  - Net loss for the year: Lei -21,130,588
3. In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the Order of Minister of Public Finance No. 2844/2016 for approval of accounting regulations in accordance with International Financial Reporting Standards ("OMPF no. 2844/2016") and related amendments and with International Financial Reporting Standards adopted by the European Union ("IFRS EU").

#### Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISAs"), Regulation (EU) no. 537/2014 of the European Parliament and of the Council ("the Regulation"), which is applicable to the Group starting 11 March 2024 (when the Company become a public interest entity in accordance with Law no. 162/2017) and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial*



Statements section of our report. We are independent of the Group in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Romania, including the Regulation which is applicable to the Group starting 11 March 2024 (when the Company become a public interest entity in accordance with Law no. 162/2017) and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Recoverability of goodwill and other intangible assets
- Business combinations and purchase price allocation

#### Recoverability of goodwill and other intangible assets

Carrying amount of goodwill: 84,923 thousand lei as at December 31, 2023 (69,706 thousand lei as at December 31, 2022).

Carrying amount of other intangible assets: 110,841 thousand lei as at December 31, 2023 (95,243 thousand lei as at December 31, 2022)

See Note 14 and Note 15 to the consolidated financial statements.

#### The key audit matter

#### How the matter was addressed in our audit

A cash-generating unit ("CGU") to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit.

The Group performed the annual impairment tests for all CGUs with goodwill based on their value in use. As part of the impairment tests, the Group assessed the recoverability of intangible assets that represent material carrying amounts of those CGUs as at 31 December 2023.

The estimate of recoverable amount of goodwill and intangible assets involves significant judgments regarding assumptions such as future cash flows, growth rates, gross and net operating margins, net working capital requirements, capital expenditures and discount rates, as well as economic assumptions, such as the evolution of costs, and wages in the context of the economy and inflation. In the wake of the above factors it required our increased attention during the audit and was considered to be a key audit matter.

Our audit procedures related to the Group's impairment tests as at 31 December 2023, performed with the assistance from our own valuation specialists, included, among others, the following:

- Evaluation of the Group's value-in-use model (the "discounted cash flow model") applied to perform the annual impairment test, in the context of the relevant requirements of the applicable financial reporting standards;
- Evaluation of the grouping of assets in cash generating units, based on our understanding of the Group's operations and business lines. As part of the procedure, we assessed, among other things, the extent to which the allocation of corporate assets to CGUs is reasonable and consistent with prior periods;
- Evaluation of the competence, capability and objectivity of the external evaluator engaged by the Group;
- We considered the sensitivity of the

	<p>impairment model to changes in key assumptions, such as forecast growth rates, discount rates and cash flows, to identify assumptions at greater risk of subjectivity or inconsistency in application;</p> <ul style="list-style-type: none"> <li>• Evaluation of the Group's budgeting process by comparing historical budgets with their subsequent realization;</li> <li>• Evaluation of key assumptions used to determine the discount rate, operating cash flows, growth rate, operating margins, working capital requirements and capital expenditures. In this context, we evaluated whether certain assumptions on which the evaluation was based, at the individual level and taken as a whole, took into account: i) the economic environment of the Group and industry it operates in and ; ii) available market information; iii) the Group's business plans, including management expectations; iv) the risks associated with the cash flows, including the possible variability of the value and the moment of the occurrence of the cash flows and their effect on the sensitivity of the discount rate; v) specific requirements of the relevant financial reporting standards; vi) a comparative analysis with the general performance of similar companies and with the performance and historical financial trends of the Group;</li> <li>• Testing the mathematical accuracy of the discounted cash flow model;</li> <li>• Evaluation of the adequacy of the disclosures regarding impairment testing in the notes to the consolidated financial statements.</li> </ul>
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**Business combinations and the purchase price allocation**

Goodwill: 84,923 thousand lei as at December 31, 2023 (69,706 thousand lei as at December 31, 2022)

Other intangible assets: 110,841 thousand lei as at December 31, 2023 (95,243 thousand lei as at December 31, 2022)

Non-controlling interests: 22,579 thousand lei as at December 31, 2023 (17,732 thousand lei as at December 31, 2022)

See Note 13 and Note 23 to the consolidated financial statements.

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>In June 2023, Roca Industry Holdingrock1 SA acquired 99.99997% of the share capital of ELECTROPLAST S.A. ("Electroplast"), producer of aluminium and copper electric cables.</p> <p>The above transaction, in accordance with the</p>	<p>Our audit procedures, performed with the involvement of our valuation specialists, included, among others:</p> <ul style="list-style-type: none"> <li>• Reading the purchase agreement to understand the key terms and conditions of</li> </ul>

<p>adopted accounting policy for transactions between entities under common control, was accounted for in accordance with IFRS 3 <i>Business combinations</i>.</p> <p>The Group engaged external appraiser to assist management in determining fair values of assets acquired, liabilities assumed as well as the purchase price for acquired entity. The purchase price was allocated between identifiable assets acquired and liabilities assumed at their fair values determined as at the acquisition date and the residual amount was recognised as goodwill.</p> <p>The valuation of assets and liabilities assumed was based on discounted future cash flows, for which the main assumptions included: growth rates, operating costs, gross and net operating margins, working capital requirements, capital expenditures and discount rates, as well as economic assumptions, such as the evolution of salaries and the cost of raw materials in the context of the economy and inflation.</p> <p>As a result of the purchase price allocation, the Group recognised, among others, 19,663 thousand lei as brands and customer lists within intangible assets and 13,821 thousand lei as goodwill.</p> <p>Estimating fair values of assets and liabilities involves significant degree of judgement and subjective assumptions and therefore required our increased attention in the audit and was considered to be a key audit matter.</p>	<p>the transaction;</p> <ul style="list-style-type: none"> <li>• Inspecting the decision of the Competition Council in connection with the approval of the share purchase transaction of Electroplast by the Group.</li> <li>• Evaluation of the competence, capability and objectivity of the external appraiser engaged by the Group for the estimate of purchase price and identification and valuation of assets acquired and liabilities assumed.</li> <li>• Evaluation of the methods used by the Group and the external appraiser in terms of their compliance with the valuation standards commonly applied in the industry as well as with the relevant financial reporting standards;</li> <li>• Evaluation of key assumptions used to determine the discount rate, operating cash flows, growth rate, operating margins, working capital requirements and capital expenditures. In this context, we evaluated whether certain assumptions on which the valuation was based, at the individual level and taken as a whole, took into account: i) the economic environment of the industry, the economic circumstances of the acquired company; ii) available market information; iii) the business plans of the acquired company, including the expectations of the Group's management; iv) the risks associated with the cash flows, including the possible variability of the value and the moment of the occurrence of the cash flows and their effect on the sensitivity of the discount rate; v) requirements of the relevant financial reporting standards;</li> <li>• Testing the mathematical accuracy of the key calculations in the valuation reports prepared by the external appraiser;</li> <li>• Assessing the adequacy of the disclosures on business combinations in the notes to the consolidated financial statements.</li> </ul>
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**Other matter – Corresponding figures**

6. The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion, dated 31 August 2023, on those consolidated financial statements.





#### Other information – Administrators' Report

7. The Members of the Board of Directors are responsible for the preparation and presentation of other information. The other information comprises the Administrator's Report, which we obtained prior to the date of this auditors' report (but does not include the consolidated financial statements and our auditors' report thereon), and the Annual Report, including in accordance with RTS on ESEF requirements and the Sustainability report, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, including in accordance with RTS on ESEF requirements and the Sustainability report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### ***Other Reporting Responsibilities Related to Other Information – Administrators' Report.***

With respect to the Administrators' Report we read and report whether the Administrators' Report is prepared, in all material respects, in accordance with OMPF no. 2844/2016, articles 26-28 of the accounting regulations in accordance with International Financial Reporting Standards .

Based solely on the work required to be undertaken in the course of the audit of the consolidated financial statements, in our opinion:

- a) The information given in the Administrators' Report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements;
- b) The Administrators' Report has been prepared, in all material respects, in accordance with OMPF no. 2844/2016, articles 26-28 of the accounting regulations in accordance with International Financial Reporting Standards.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Administrators' Report. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with OMPF no. 2844/2016 and with IFRS EU for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to



cease operations, or has no realistic alternative but to do so.

10. Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### Auditors' Responsibility for the Audit of the Consolidated Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
12. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that



a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements - Report on Compliance with the ESEF Regulation

16. In accordance with Law no. 162/2017 on statutory audits of annual financial statements and consolidated financial statements and amendment of certain regulations, we are required to express an opinion on compliance of the consolidated financial statements authorized for issuance by the Board of Directors and presented in separate digital files ("consolidated financial statements"), with the requirements of the Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

### Responsibilities of Management

17. Management is responsible for the preparation of the consolidated financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:
- the preparation of the consolidated financial statements in the applicable XHTML format;
  - the selection and application of appropriate iXBRL tags, using judgment where necessary;
  - ensuring consistency between digitised information in the machine- and human-readable formats and the signed consolidated financial statements; and
  - the design, implementation and maintenance of internal controls relevant to the application of the RTS on ESEF.

### Auditors' Responsibilities

18. Our responsibility is to express an opinion on whether the consolidated financial statements comply, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the RTS on ESEF, whether due to fraud or error. Our procedures included, among other things:

- obtaining an understanding of the tagging process;
- evaluating the design and implementation of relevant controls over the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable digital format and to the signed and audited consolidated financial statements, stamped by us for identification purposes;
- evaluating the completeness of the Group's tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements;
- evaluating the appropriateness of the digital format of the consolidated financial statements; and



- assessing consistency between the digitised information in the machine- and human-readable formats and the signed and audited consolidated financial statements, stamped by us for identification purposes.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

19. In our opinion, the consolidated financial statements of the Group as at and for the year ended 31 December 2023 have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

## Report on Other Legal and Regulatory Requirements

20. We were appointed by the General Shareholders' Meeting on 20 November 2023 to audit the consolidated financial statements of Roca Industry Holding Rock1 SA for the year ended 31 December 2023. Roca Industry Holding Rock1 SA became a public interest entity in accordance with Law no. 162/2017 upon admission for trading on the Bucharest Stock Exchange regulated market on 11 March 2024.
21. We confirm that:
  - our audit opinion is consistent with the additional report presented to the Board of Directors, which we issued on the same date as the date of issuance of this independent auditors' report. We also remained independent of the Group in conducting the audit.
  - we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014, which is applicable to the Group starting 11 March 2024 (when the Company became a public interest entity in accordance with Law no. 162/2017).

The engagement partner on the audit resulting in this independent auditors' report is MIHALI HORATIU MIHAI.

Refer to the original signed Romanian version

For and on behalf of KPMG Audit S.R.L.:

**MIHALI HORATIU MIHAI**

registered in the electronic public register of  
financial auditors and audit firms under no  
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**KPMG Audit SRL**

registered in the electronic public register of  
financial auditors and audit firms under no  
FA9

Cluj-Napoca, 28 March 2024