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# Independent Auditors' Report

(free translation<sup>1</sup>)

## 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 Separate Financial Statements

### Opinion

1. We have audited the separate financial statements of Roca Industry HoldingRock1 SA ("the Company"), which comprise the separate balance sheet as at 31 December 2023, the separate income statement, the separate statement of changes in equity and the separate cash flow statement for the year then ended, and notes, comprising significant accounting policies and other explanatory information.
2. The separate financial statements as at and for the year ended 31 December 2023 are identified as follows:
  - Net assets/Total equity: Lei 168,341,745
  - Net profit for the year: Lei 3,265,951
3. In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Order of Minister of Public Finance No. 1802/2014 for approval of accounting regulations regarding the annual separate financial statements and annual consolidated financial statements and related amendments ("OMPF no. 1802/2014").

### 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)

<sup>1</sup> TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.



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 Separate Financial Statements* section of our report. We are independent of the Company 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 separate 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

➡ Impairment of shares in related parties

#### Impairment of shares in related parties

Carrying amount of shares in related parties: Lei 151,292,631 as at 31 December 2023 (Lei 89,897,142 as at 31 December 2022)

Impairment on financial assets and financial investments held as current assets: Lei 3,665,000, income, for the year ended 31 December 2023;( Lei 12,385,542 , expense, for the year ended 31 December 2022).

See Note 3 to the separate financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Investments in subsidiaries are carried at cost less impairment losses.</p> <p>As disclosed in note 3 to the financial statements, in prior year, the Company recognised impairment loss with respect to investment in subsidiaries. During 2022 and 2023, BICO Industries SA acquired three new businesses that are expected to lead to further efficiencies and synergies in the Roca Group including Bico Industries SA, and therefore were considered as a significant change with a favourable effect on the impaired subsidiary that indicate that an impairment loss recognised for investment in subsidiaries no longer exists or has decreased.</p> <p>The Company reassessed the recoverable amount as at 31 December 2023, and, as a result, the Company partially reversed the impairment loss previously recorded for the investment in Bico Industries SA. The Company engaged an external appraiser to assist management in the determination of recoverable amount.</p> <p>The estimate of the recoverable amount of the investments in subsidiaries involves significant judgments regarding assumptions such as future cash flows, growth rates , gross and net operating margins,</p>	<p>Our audit procedures related to the Company's impairment test of investments in subsidiaries as at 31 December 2023, performed with the assistance of our own valuation specialists, included, among others, the following:</p> <ul style="list-style-type: none"> <li>– Evaluation of the value-in-use model of the subsidiaries (the "impairment model") applied to perform the annual impairment test, in the context of the relevant requirements of the applicable financial reporting standards;</li> <li>– Evaluation of the competence, capability and objectivity of the external appraiser engaged by the Company.</li> <li>– We considered the sensitivity of the 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.</li> <li>– Evaluation of the Company's budgeting process by comparing historical budgets with their subsequent realization.</li> </ul>

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<p>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.</p>	<ul style="list-style-type: none"> <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 subsidiary and industry it operates in; ii) available market information; iii) the subsidiary'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 standard; vi) a comparative analysis with the general performance of similar companies and with the performance and historical financial trends of the companies in the group;</li> <li>– Testing the mathematical accuracy of the discounted cash flow model.</li> </ul> <p>Evaluation of the adequacy of the disclosures regarding impairment testing in the notes to the separate financial statements.</p>
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**Other matter – Corresponding figures**

6. The separate financial statements of the Company as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified on those statements on 27 March 2023.

**Other information – Board of Directors' Report**

7. The members of the Board of Directors are responsible for the preparation and presentation of other information. The other information comprises the Board of Directors' Report, but does not include the separate financial statements and our auditors' report thereon.

Our opinion on the separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Board of Directors' Report we read and report whether the Board of Directors' Report is prepared, in all material respects, in accordance with OMPF no. 1802/2014, articles 489 – 492 of the accounting regulations regarding annual separate financial statements and annual consolidated financial statements.

Based solely on the work required to be undertaken in the course of the audit of the separate financial statements,





in our opinion:

- a) The information given in the Board of Directors' Report for the financial year for which the separate financial statements are prepared is consistent, in all material respects, with the separate financial statements;
- b) The Board of Directors' Report has been prepared, in all material respects, in accordance with OMPF no. 1802/2014, articles 489 – 492 of the accounting regulations regarding annual separate financial statements and annual consolidated financial statements.

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 Board of Directors' Report. We have nothing to report in this regard.

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

8. Management is responsible for the preparation of separate financial statements that give a true and fair view in accordance with OMPF no. 1802/2014 and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the separate financial statements, management is responsible for assessing the Company'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 Company's financial reporting process.

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

11. Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 Company'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 Company'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 separate 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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 separate 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

16. We were appointed by the General Shareholders' Meeting on 20 November 2023 to audit the separate financial statements of Roca Industry HoldingRock1 SA for the year ended 31 December 2023. Roca Industry HoldingRock1 SA become 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.
17. We confirm that:
  - our audit opinion is consistent with the additional report presented to the Board of Directors of the Company, which we issued on the same date as the date of issuance of this independent auditors' report. We also remained independent of the audited entity in conducting the audit.
  - we have not provided to the Company the prohibited non-audit services (NASS) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

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

Refer to the original signed Romanian version

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

**MIHALI HORATIU MIHALI**

registered in the electronic public register of financial auditors and audit firms under no AF3354

**KPMG Audit SRL**

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

Cluj-Napoca, 28 March 2024