

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Roca Industry HoldingRock1 SA

Headquarters: Gara Herăstrău street, no. 4, Building A, 3rd floor, Bucharest 2, Romania
Unique code of identification: 44987869

Report on the audit of 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 balance sheet as at December 31, 2022, and the consolidated income statement, consolidated statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The financial statements as of December 31, 2022 identify as follow:

▪ Net profit/ (loss) of the year:	RON (19,619,145)
▪ Equity - Total:	RON 159,187,296

2. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 1802/2014 for the approval of accounting Regulation regarding individual financial statements and consolidated financial statements, with subsequent amendments (OMFP 1802/2014).

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs) and Law no. 162/2017 (the Law). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including 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

4. Key audit matters are those matters that, based on our professional judgment, were of higher importance in performing the audit of the current period financial statements. These matters were addressed in the context of the audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these key audit matters.

Revenue recognition	
<p>Key audit matter</p> <p>As presented in Note 12 "Turnover" and the revenue recognition policy in Note 2.7 (s).</p> <p>In accordance with International Standards on Auditing, there is an inherent risk in revenue recognition due to the pressure that management may feel in relation to achieving planned results.</p> <p>The main activities from which the Group generates income are those for sale:</p> <ul style="list-style-type: none"> ▪ of the fiber glass mesh; ▪ paints, varnishes, thinners and other decorative plasters; ▪ wire fence panels and property bordering; ▪ doors intended for residential constructions. <p>Revenues are recognized in the profit and loss account when an increase in future economic benefits related to an increase in the value of an asset or a decrease in the value of a liability can be reliably estimated.</p>	<p>Our approach during the audit</p> <p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> ▪ Evaluation of processes and controls regarding the existence and accuracy of recorded income, including to detect fraud and errors in the recognition of income; ▪ Inspection on a sample basis of the contracts concluded with the customers, in order to understand the terms and conditions of delivery, respectively the conditions regarding the discounts to be granted. ▪ Reviewing the sales ledger to identify unusual transactions and inspecting related documentation to assess whether revenue has been properly recognized. ▪ Performing procedures to test that revenue is recorded in the correct period, for a sample of transactions recorded near the end of the financial year. ▪ Sample testing of trade receivables by sending confirmation letters.

Evaluation of intangibles	
<p>Key audit matter</p> <p>Intangible assets mainly include brands, customer relations and goodwill presented in Note 3.</p> <p>Intangible assets are presented in the balance sheet at the acquisition value less the accumulated value adjustments.</p> <p>Impairment adjustment testing, when there are indications of impairment, is based on updated cash management estimates, in the current economic context. Therefore, there is significant measurement uncertainty inherent in this assessment.</p>	<p>Our approach during the audit</p> <p>Our audit procedures included, exclusively for the purpose of testing for impairment of intangibles:</p> <ul style="list-style-type: none"> ▪ testing the historical accuracy of management's estimates through retrospective review; ▪ testing the assumptions, methodologies and other data used in the computation model, for example by comparing them with external information; ▪ reviewing growth rates and cash flow forecasts by reference to historical performance and our expectations based on understanding the current environment.

Other Information - Administrator's Report

5. Other information includes the Administrators Consolidated Report. Administrators are responsible for the preparation and presentation of the Administrators' Report in accordance with OMFP no. 1802/2014, points 554-556⁷ of the Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements, which do not contain significant misstatements, and for that internal control that the management considers necessary to allow the preparation of the consolidated Report of the administrators that does not contain material misstatements due to fraud or error. Our opinion on the financial statements does not cover the Consolidated Directors' Report.
6. In connection with our audit of the financial statements for the year ended at December 31, 2022, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. With regards to the Administrator's Report, we have read and report whether it was prepared, in all material respects, in accordance with the OMFP 1802/2014, articles 554-556⁷.

Based exclusively on the activities that should be done during the audit of the financial statements, in our opinion:

- a) Information presented in the Administrators' Report for the financial period for which the financial statements have been prepared, is in accordance, in all material respects, with consolidated financial statements.
 - b) The Administrators' Report has been prepared, in all material respects, in accordance with OMFP 1802/2014, articles 554-556⁷ of the accounting Regulation regarding individual financial statements and consolidated financial statements, with subsequent amendments.
7. Besides this, based on our knowledge and understanding of the Company and its environment gained during the audit of consolidated financial statements for the year ended at December 31, 2022, we shall report whether we identified any information included into Administrators' Report that is material misstated. We have nothing to report in this regard.

Responsibilities of Management and Those charged with Governance for the Financial Statements

8. Management is responsible for the preparation and fair presentation of the financial statements in accordance with OMFP 1802/2014, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Company's 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' Responsibilities for the Audit of the 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 auditor's 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.
12. 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 decision of users taken on the basis of these financial statements.
13. As part of an audit in accordance with the audit standards adopted by the Romanian Chamber of Financial Auditors, which are based on International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the 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 auditor's report to the related disclosures in the 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 auditor's 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or activities within the Group, in order to express an opinion regarding the consolidated financial statements. We are responsible for the coordination, supervision and execution of the group audit. We are solely responsible for our audit opinion.
14. 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.



Other Matters

15. This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Refer to the original signed
Romanian version.

On behalf of

On behalf of BDO AUDIT SRL

Registered to Electronic Public Register of
financial auditors and audit companies no. FA18

Name of the engagement partner: Cristian Iliescu

Registered to Electronic Public Register of
financial auditors and audit companies no. AF1530

March 27, 2023
Bucharest, Romania