

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
Romcarbon SA

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of Romcarbon SA and its subsidiaries ("the Group"), with registered office in Buzau, Str. Transilvaniei, nr. 132, identified by unique tax registration code RO1158050, which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
2. The consolidated financial statements as at December 31, 2023 are identified as follows:
 - Net assets/Total equity lei 152,044,804
 - Net loss for the financial year lei -5,135,847
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of Accounting regulations conforming with International Financial Reporting Standards as adopted by the European Union, with subsequent amendments.

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 the Council (herein after referred to as "the Regulation") and Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (herein after referred to as "the Law 162/2017"). 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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law 162/2017 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 for the current year. 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.

Key audit matter	How our audit addressed the matter
<p>Revenue recognition</p> <p>Sale of finished goods is the main activity of the Group. Given the large number of domestic and foreign clients, the diversity of products sold as well as the diversity of the clients’ businesses, there is a risk that sale is not properly and accurately recognised. That is, revenue may not be recognised in the correct accounting year, taking into account the transfer of main risks and rewards associated with the product, or may represent fictitious sales for which the delivery has not taken place, or sales towards bad debtors, that are insolvent or bankrupt.</p> <p>In our opinion, revenue recognition is a key audit matter, given the above-mentioned points.</p> <p>The Group’s revenue disclosures are presented in Note 3 of the consolidated financial statements.</p>	<p>Our audit procedures performed to address the risk of material misstatement for revenue recognition included:</p> <ul style="list-style-type: none"> - evaluating the internal controls which addresses the risks described in “Key audit matters” regarding occurrence of sales based on valid shipments; - assessing the proper booking of sales in the appropriate accounting periods in accordance with the transfer of main risks and rewards for sales occurring around year-end; - tests of detail regarding revenues, by preparing a statistical selection of clients and obtaining confirmation letters for the revenue booked during the year, as well as selecting of individual sales to clients for which confirmation letters were not sent and obtaining the supporting documents for these transactions; - analysis of revenues based on client, product and main markets in order to understand the evolution of revenue, as well as comparing revenues with the figures from prior period; - checking the completeness and accuracy of disclosures regarding revenues in the consolidated financial statements.

Other information – Administrators’ Consolidated Report

6. The administrators are responsible for preparation and presentation of the other information. The other information comprises the Administrators’ consolidated report, which also includes the non-financial information declaration and the Remuneration Report, but does not include the consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements for the year ended December 31, 2023, 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.

Other reporting responsibilities with respect to other information – Administrators’ consolidated report

With respect to the Administrators’ consolidated report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments.

On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

- a) the information included in the Administrators’ consolidated report and the Remuneration Report for the financial year for which the consolidated financial statements have been prepared is consistent, in all material respects, with these consolidated financial statements;
- b) the Administrators’ consolidated report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU;

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the consolidated financial statements prepared as at December 31, 2023, we are required to report if we have identified a material misstatement of this Administrators' consolidated report. We have nothing to report in this regard.

Other reporting responsibilities with respect to other information – Remuneration report

With respect to the Remuneration report, we read it to determine if it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of Law 24/2017 regarding the issuers of financial instruments and market operations, republished. We have nothing to report in this regard.

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

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU and 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.
8. 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 Group or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. 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. 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.
11. 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 auditor's 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 auditor's 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 and adequate audit evidence regarding the financial information of the Group entities or business lines in order to express an opinion on the consolidated financial statements. We are responsible for the coordination, supervision and performance of the group audit. We are solely responsible for our audit opinion.
12. 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.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. 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 auditor's 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

15. We were appointed by the General Meeting of Shareholders on July 27, 2023 to audit the consolidated financial statements of Romcarbon SA for the financial year ended December 31, 2023. The uninterrupted total duration of our commitment is 16 years, covering the financial year ended December 31, 2008 until the financial year ended December 31, 2023.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued on the same date we issued this audit report. Also, in conducting our audit, we have retained our independence from the audited entity.
- We have not provided for the Group the prohibited non-audit services referred to in Article 5(1) of EU Regulation No. 537/2014.

The engagement partner on the audit resulting in this independent auditor's report is Ana-Corina Dimitriu.

Report on compliance with the Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements ("Law 162/2017"), and Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

16. We have undertaken a reasonable assurance engagement on the compliance with Law 162/2017, and Commission Delegated Regulation (EU) 2018/815 applicable to the consolidated financial statements included in the annual financial report of Romcarbon SA ("the Group") as presented in the digital files which contain the unique LEI code 315700RJSU856JJMH064 ("Digital Files")

(I) Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF

Management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;
- the selection and application of appropriate iXBRL mark-ups;
- ensuring consistency between the Digital Files and the consolidated financial statements to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(II) Auditor's Responsibilities for Audit of the Digital Files

Our responsibility is to express a conclusion on whether the consolidated financial statements included in the annual financial report complies in all material respects with the requirements of 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.

Our firm applies International Standard on Quality Management 1 ("ISQM1"), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

- obtaining an understanding of the Group's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files including the marked-up data with the audited consolidated financial statements of the Group to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU;
- evaluating if all financial statements contained in the consolidated annual report have been prepared in a valid XHTML format;
- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

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

In our opinion, the consolidated financial statements for the year ended December 31, 2023 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the Group for the year ended December 31, 2023 is set out in the "Report on the audit of the consolidated financial statements" section above.

Ana-Corina Dimitriu, Audit Partner

For signature, please refer to the original signed Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. AF 3677

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. FA 25

The Mark Building, 84-98 and 100-102 Calea Grivitei, 9th Floor, District 1
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March 29, 2024