

# Independent Auditor's Report\*

(\*This represents a non-official English translation of the original audit report issued in Romanian language)

To the shareholders of **ELEFANT ONLINE S.A.**

## Report on the audit of the financial statements

### Opinion

1. We have audited the accompanying financial statements of **ELEFANT ONLINE S.A.** (“the Company”), with registered office in No. 5-7, Dimitrie Pompeiu Bd., sector 2, Bucharest, registered with the Trade Registry under no. J40/6415/2010 and having fiscal identification code RO26396066, which comprise the balance sheet as at 31 December 2022, the related income statement, statement of changes in shareholders' equity and cash flow statement for the financial year then ended, and explanatory notes to the financial statements, including a summary of significant accounting policies, presenting the following:
  - Net Assets / Total equity and reserves: RON (56,130,869)
  - Net result of the year: RON (27,395,895) (loss)
2. In our opinion, the accompanying financial statements of the Company as at 31 December 2022 have been prepared, in all material respects, in accordance with the Order of the Ministry of Public Finance 1802/2014 (as subsequently amended) and as described in the accounting policies presented in the notes to the financial statements.

### Basis for Opinion

3. We conducted our audit in accordance with the International Standards on Auditing (“ISA”) and with the Law 162/2017 (“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”) and in accordance with all other ethical requirements relevant for the audit of financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Emphasis of a Matter**

4. As presented in Note 2.6 - Going Concern to the financial statements, the Company incurred a net loss of RON (27,395,895) for the financial year ended 31 December 2022 and its accumulated losses as at the above date amounted to RON (124,973,287) while the total shareholders' equity as presented in the balance sheet is negative, with a value of RON (56,130,869). Furthermore, the Company also reported a statutory negative equity at 31 December 2022, which means its total statutory equity was less than ½ of the Company's share capital at the reporting date. According to the Romanian Companies' Law 31/1990, in such case the Company's ruling bodies need to take corrective measures, according to the Companies Law. Failure to take such measures could theoretically trigger legal consequences provided under the law. Despite those aspects, as presented in Note 2.26 (Going concern), the financial statements were prepared based on the going concern basis. The Company's ability to continue as a going concern depends on its capacity to generate sufficient income and on its shareholders' financial support. These financial statements do not include adjustments arising from the outcome of such uncertainty related to the going concern. Our opinion is not qualified in this respect.

## **Responsibilities of Management and for the Financial Statements**

5. The Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Ministry of Public Finance 1802/2014, as subsequently amended („OMFP 1802/2014”) and with the accounting policies presented in the notes to the financial statements, 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.
6. In preparing the 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

7. Our objectives are to obtain reasonable assurance about whether the 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 based on these financial statements.

8. 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 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 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.

## Report on Conformity of the Administrators' Report with the Financial Statements

The Company's Administrators are responsible for the preparation and presentation, in accordance with the requirements of articles 489-492 from the Accounting Regulations approved by OMFP 1802/2014, of an Administrators' Report which is free from significant misstatements, and for such internal control as the Management considers necessary to enable the preparation of the Administrators' Report which shall be free from material inconsistencies, whether due to fraud or error.

The Administrators' Report is not part of the Company's financial statements.

Our opinion on the accompanying financial statements does not cover the Administrators' Report.

In connection with our audit of the financial statements of the Company as at 31 December 2022, we have read the Administrators' Report attached to the financial statements and we report the following:

- a) we have not identified in the Administrators' Report any information which is not consistent, in all material respects, with the information presented in the accompanying financial statements.
- b) the Administrators' Report identified above includes, in all material respects, the information required by articles 489-492 from the Accounting Regulations approved by OMFP 1802/2014.
- c) based on our knowledge and understanding acquired during the audit of the financial statements for the year ended 31 December 2022 regarding the Company and its environment, we have not identified in the Administrators' Report any information that would be significantly misstated.

Bucharest, 26 June 2023

Ella Chilea

Auditor registered in the Public Electronic Register under no. 2190 / 2007

On behalf of MAZARS ROMANIA SRL

Audit firm registered in the Public Electronic Register under no. 699 / 2007

4B Ing. George Constantinescu street, 5th floor,  
Globalworth Campus, Building B  
Bucharest, Romania

Tel: +031 229 2600

[www.mazars.ro](http://www.mazars.ro)