

**INDEPENDENT AUDITOR'S REPORT ON OF INDIVIDUAL  
FINANCIAL STATEMENTS FROM  
31.12.2021 of UZTEL S.A. PLOIESTI**

To,  
Shareholders of UZTEL S.A. PLOIESTI

## **OPINION**

1. We audited the attached financial statements of UZTEL SA. PLOIESTI ("Society"), headquartered in Ploiești, Mihai Bravu Street, no. 243, identified by the unique fiscal registration code RO 1352846, which includes the statement of financial position as of December 31, 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year ended and a summary of accounting policies significant and other explanatory information.

2. The financial statements referred to refer to:

- Net assets/ Total equity: 49.510.607 lei
- Net profit for the financial year: 330.324 lei

**3. In our opinion, the accompanying financial statements provide a true and fair view of the Company's financial position as at 31 December 2021 as well as its financial performance and cash flows for the financial year ended in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") and with OMFP 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards.**

## **BASIS FOR OPINION**

4. We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation No. 537 of the European Parliament and of the Council (hereinafter the "Regulation") and Law No. 162/2017 ("Law"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report. We are independent of the Company, according to the Code of Ethics for Professional Accountants (IESBA code), according to the ethical requirements that are relevant for auditing financial statements in Romania, including the Regulation and the Law and we have fulfilled our ethical responsibilities according to 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.

## HIGHLIGHTING SOME ASPECTS

### Uncertainty related to business continuity

5. We draw attention to Note 2 "Basis of preparation of individual financial statements - Business continuity (c)". According to this note, the company states that "based on the analyses performed, the Directors of the company confirm that it (the Company, nn) will be able to continue its activity in the foreseeable future and therefore the application of the business continuity principle is justified and appropriate. financial statements based on this principle "

By the sentence no. 129 of 03.03.2017 pronounced in File no. 4732/105/2010 by the Dolj Tribunal, Civil Section II, it was ordered to close the reorganization procedure of Uztel SA, as a result of fulfilling the payment obligations assumed in the confirmed plan by the sentence no. 1282 of October 9, 2012 and the reinsertion of the company Uztel SA. In the economic circuit with the continuation of the activity.

Also, Note 17 describes the events subsequent to the balance sheet date that may affect the information presented in the balance sheet, including the continuity of the activity. Thus, the company describes the impact of the Pandemic generated by the SARS-coV-2 virus worldwide. This situation had a negative impact on orders, which decreased sharply in 2021. The decrease in the volume of orders and contracts had a negative effect on cash flow and the accumulation of budget and trade debts.

The state of war in Ukraine and the restrictive measures imposed on Russia and Belarus by the European Union are implicitly affecting the normal functioning of economic and financial activities, with a direct impact on financial mechanisms, which can lead to difficulties in managing risks and ensuring / maintaining normal conditions. carrying out the activity of entities / companies in many fields of activity.

These economic implications may affect the financial statements at the following level:

- The value of inventories, receivables and payables;
- The value of goodwill, intangible assets;
- Contractual penalties for non-compliance with the terms and conditions

Although these issues are not explicitly mentioned in Note 17, the company's management states that "uncertainties and risks in the economic, commercial and financial environment remain high nationally and internationally". The same note also mentions that inflation forecasts have been revised considerably upwards compared to the forecasts for the fourth quarter of 2021. Thus, it is estimated that rising energy and gas prices will lead to a significant and unpredictable increase in inflation. utility costs in total operating expenses of the company.

These events and the restrictions imposed in 2022, together with other aspects presented in Note 17, indicate the existence of a significant uncertainty regarding the Company's ability to continue its activity.

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Our opinion is not changed on these issues.

## AUDIT KEY ASPECTS

6. The key aspects of the audit are those aspects that, based on our professional reasoning, have had the greatest importance for the audit of the financial statements of the current period. These issues have been addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them, and we do not provide a separate opinion on these key issues.

Audit key aspects	Approach within the audit mission
<p>Revenue recognition See note 12 "Income from the company's core business" Revenue recognition policy is set out in Note 3 "Revenue accounting policies"</p> <p>In accordance with International Standards on Auditing, there is an implicit risk in recognizing revenue due to the pressure that management may feel in connection with achieving the planned results.</p> <p>The main activity through which the Company generates revenues is the manufacture of equipment for extraction and construction.</p> <p>Revenues are recorded at the time of production and are finalized upon invoicing to the customer.</p>	<p>Our audit procedures included, but are not limited to:</p> <ul style="list-style-type: none"> <li>- Evaluation of the processes and controls regarding the existence and accuracy of the registered revenues;</li> <li>- Carrying out procedures to test that income is recorded in the correct period;</li> <li>- Testing based on a sample of commercial rents by issuing confirmation letters;</li> </ul>

7. The administrators are responsible for the preparation and presentation of other information. That other information includes the Directors' Report but does not include the financial statements and the auditor's report thereon, nor the non-financial statement. Our opinion on the financial statements does not cover this other information and, unless explicitly stated in our report, we do not express any assurance about.

In connection with the audit of the financial statements for the financial year ended December 31, 2021, it is our responsibility to read that other information and, in doing so, to assess whether that other information is materially inconsistent with the financial statements, or with the knowledge we have. we obtained during the audit, or if they appear to be significantly distorted.

Regarding the Directors' Report, we have read and report whether it has been prepared in all material respects, in accordance with OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards.

Based exclusively on the activities to be carried out during the audit of the financial statements, in our opinion:

- a) The information presented in the Directors' Report for the financial year for which the financial statements have been prepared is consistent in all material respects with the accompanying financial statements;
- b) The directors' report has been prepared, in all material respects, in accordance with OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards.

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the financial year ended December 31, 2021, we are required to report whether we have identified significant misstatements in the Directors' Report. We have nothing to report on this.

## RESPONSIBILITIES OF MANAGEMENT AND GOVERNANCE PERSONS FOR FINANCIAL STATEMENTS

8. The Company's management is responsible for the preparation of financial statements that provide a true and fair view in accordance with OMFP 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards and for such internal control as management deems necessary to enable the preparation of financial statements. financial statements 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 operating, for presenting, as appropriate, business continuity issues and for using accounting based on business continuity, unless management is intended to liquidate the Company or to cease operations, or has no realistic alternative other than these.

10. The persons responsible for governance are responsible for overseeing the financial reporting process of the Company.

## AUDITORS RESPONSABILITIES IN AN AUDIT OF FINANCIAL STATEMENTS

11. Our objectives are to obtain reasonable assurance about the extent to which the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with the ISA will always detect a significant misstatement, if any. Distortions can be caused by either fraud or error and are considered significant if it can reasonably be expected that they will, individually or cumulatively, influence the economic decisions of users made on the basis of these financial statements.

12. As part of an ISA audit, we exercise professional judgment and maintain professional scepticism during the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to such risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a significant misstatement caused by fraud is higher than the risk of not detecting a significant misstatement caused by error, as fraud may involve secret agreements, misrepresentation, intentional omissions, misrepresentation and circumvention of internal control.
- We understand the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.

- We formulate a conclusion regarding the adequacy of the management's use of accounting based on business continuity and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could raise significant capacity concerns the company to continue its activity. If we conclude that there is significant uncertainty, we should draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, change our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to discontinue its business on a going concern basis.

- We evaluate the presentation, structure and content of financial statements, including disclosures, and the extent to which financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.

13. We communicate to those responsible for governance, among other things, the planned area and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, which we identify during the audit.

14. We also provide those responsible for governance with a statement of our compliance with our ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be considered to affect our independence and, where applicable, if applicable, the related safety measures.

15. Among the issues that we communicated to those charged with governance, we establish those issues that were most important in the audit of the current financial statements and, therefore, are key audit issues. We describe these issues in our audit report, unless legislation or regulations prevent the public disclosure of that issue or if, in extremely rare circumstances, we believe that an issue should not be disclosed in our report because it is expected in reasonably that the benefits of the public interest are outweighed by the negative consequences of this communication.

## REPORT ON OTHER LEGAL AND REGULATORY PROVISIONS

### **Report on compliance with the provisions of Delegated Regulation (EU) 2018/815 of the European Commission, which includes technical regulatory standards on the single electronic reporting format.**

16. We performed a reasonable assurance mission on the compliance of the individual financial statements in XHTML format of Uztel SA Ploiești ("the Company") on 31.12.2021 ("XHTML Statements") with the provisions of Delegated Regulation (EU) 2018/815 of the European Commission, which sets out the regulatory technical standards for the specification of a single electronic reporting format ("RTS on ESEF").

#### **Responsibility of the management of the Company for XHTML Situations prepared in accordance with RTS on ESEF**

The Company's management is responsible for preparing the XHTML Statements in accordance with the RTS on ESEF. This responsibility involves:

- ensuring consistency between the XHTML Statements and the financial statements prepared for submission to the relevant authorities in accordance with Order of Public Finance Ministry 2844/2016;  
and
- design, implement and maintain internal control relevant to the preparation and presentation of XHTML Statements in accordance with the RTS on ESEF that are free from material misstatement, fraud or error.

### Our responsibility

It is our responsibility to express, on the basis of the evidence obtained, a conclusion as to the extent to which the XHTML Situations comply, in all material respects, with the RTS requirements for ESEF. Our reasonable assurance assignment was performed in accordance with International Standard on Assurance Assignments 3000 (revised) - Assurance Assumptions other than audits or reviews of historical financial information ("ISAE 3000") issued by the International Auditing and Assurance Standards Board.

Reasonable assurance in accordance with ISAE 3000 requires procedures to be performed to obtain evidence of compliance with the RTS on ESEF. The nature, timing, and extent of the selected procedures depend on the auditor's reasoning, including the assessment of the risk of material misstatement of the ESR provisions of the RTS, whether due to fraud or error. A reasonable assurance involves:

- obtaining an understanding of the process by which the Company prepares XHTML Statements in accordance with the RTS on ESEF, and the relevant internal controls;
- assessing whether the financial statements have been prepared in a valid XHTML format;
- reconciliation of the XHTML Statements with the audited financial statements prepared by the Company in accordance with Omfp 2844/2016 for submission to the relevant authorities.

We consider that the evidence obtained is sufficient and adequate to provide a basis for our conclusion.

### Conclusion

In our opinion, the XHTML Statements for the financial year ended 31.12.2021 comply, in all material respects, with the RTS requirements for ESEF.

We do not express an audit opinion, a review conclusion, or any other assurance on the financial statements in this report. Our audit opinion on the Company's individual financial statements for the financial year ended 31.12.2021 is included in the "Report on the audit of the individual financial statements" section above.

17. We have been appointed by the General Meeting of Shareholders to audit the financial statements of UZTEL SA. Ploiești for the financial year ended December 31, 2021. The total uninterrupted duration of our commitment is 1 year, covering the financial year ended December 31, 2021.

We confirm that:

- Our audit opinion is in accordance with the supplementary report submitted to the Company's Audit Committee, which we issued on the same date as this report. Also, in conducting our audit, we maintained our independence from the audited entity;
- We did not provide the Company with the prohibited non-audit services referred to in Article 5 (1) of EU Regulation No 537/2014..

**On behalf of:**

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**Registered with the Authority for Public Supervision of the Statutory Audit Activity**  
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**Audit Partner,**  
**PhD Aurelian Constantin**  
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**March 28, 2022**

**Illegible signature, round stamp**