

INDEPENDENT AUDITOR'S REPORT REGARDING STANDALONE FINANCIAL STATEMENTS OF UZTEL S.A. PLOIESTI IN INSOLVENCY

To the shareholders of UZTEL S.A. PLOIESTI IN INSOLVENCY

OPINION

1. We have audited the financial statements of UZTEL S.A. PLOIESTI IN INSOLVENCY ("the Company), headquartered in Ploiesti, 243 Mihai Bravu St, identified with the tax registration no. RO1352846, which comprise the statement of financial position as at 31 December 2024, statement of the global result, statement of changes in shareholders' equity and statement of cash flows for the financial year then ended, as well as a summary of significant accounting policies and other explanatory notes.
2. The financial statements are identified as follows:
 - Total equity: 49,261,021 lei
 - Net profit of the financial year (loss) : (22,489,557) lei

3. **In our opinion, except for the impact of the aspects listed in "Basis for opinion" on the financial statements, the financial statements attached hereto show fairly the financial position of the Company as at 31 December 2024, its financial performance, and the cash flows for the financial year then ended, in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") and OMFP 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards.**

BASIS for OPINION

4.1 We performed our audit in accordance with the International Standards on Auditing ("ISA"), EU Regulation no 537 of the Parliament and of the European Council (hereinafter "the Regulation"), and Law no. 162/2017 ("the Law"). Our responsibilities under such standards are described in detail in the section "Auditor's responsibilities in auditing financial statements" of our report. We are independent of the Company, in accordance with the Code of Ethics of Professional Accountants (IESBA Code), according to the ethics requirements for the audit of Romanian financial statements, including the Regulation and the Law, and we have fulfilled our ethical responsibilities in accordance with such requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4.2 We did not participate in the inventory of the Company's assets as at 31.12.2024. Due to the nature of the Company's records, we were unable to obtain assurance, through alternative audit procedures, on the existence and physical condition of these assets as at 31.12.2024.

4.3 As of 31.12.2024, the company has customers with more than 365 outstanding payment collecting days, in the amount of 3,618,123.52 lei, and provisions have been made in amount of RON 469,022.17. We did not obtain an analysis of the recoverability of those amounts. Therefore we are unable to express an opinion on the value of the receivables amounting to RON 3,618,123.52 recorded in the standalone statement of financial position as at 31.12.2024.

4.4 According to note 2 to the Financial Statements, letter m, the fair value of fixed assets of the nature of "Technological equipment, measuring, control and regulation installations, means of transport, furniture and office equipment" was determined by an ANEVAR-authorized appraiser on 31.12.2007, using the net replacement cost method. The company justifies the failure to update the valuation on the grounds that "There is insufficient information on the market about sales of similar assets, however, market information is available on costs and cumulated depreciation". We consider that the company had an obligation to update the value of such assets as at 31.12.2024 by engaging an authorized appraiser to determine the value of the assets. Therefore, we are unable to express an opinion on the value of these fixed assets with a net value of 4,788,898 lei.

HIGHLIGHTING CERTAIN ASPECTS

Uncertainty related to business continuity

5. We draw attention to Note 2 "Bases for preparing individual financial statements – Going concern (c)". According to this note, the company states that "The Special Administrator - General Manager confirms that the company will be able to continue its activity in the foreseeable future and therefore, the application of the going concern principle is justified and appropriate for the preparation of financial statements based on this principle, with the mention that the activity will be resized/compressed according to the requirements of the relevant market". Furthermore, Note 17 describes events after the balance sheet date that may affect the information presented in the balance sheet including with regard to the continuity of operations. Thus, the company describes the possible impact of increases in energy and gas prices on the company's operating expenses and the possible impact of increases in raw material and material prices.

These economic implications may affect the financial statements in terms of the following items: the value of inventories, receivables, and liabilities; the value of goodwill and intangible assets; contractual penalties for non-compliance with terms and conditions.

By the application filed on 15.03.2023 with the Prahova Court under no. 1223/105/2023, the company Uztel S.A. requested the syndic judge to open general insolvency proceedings, following the Resolution of the Board of Directors no. 54/13.03.2023. By the decision passed in the session dated 13.04.2023 in case file no. 1223/105/2023 scheduled with the Prahova Court, the syndic judge ordered the opening of the general insolvency proceedings for Uztel S.A. In its application, Uztel S.A. expressed its intention to reorganize its business, given that it has all the material resources required for the reorganization of its business, including the necessary experience, reliable manufacturing technologies, orders, and qualified personnel, having carried out its activity for a long period of time and being known as a leading company at national and international level. By Resolution no. 2/25.05.2023 adopted by the Ordinary General Meeting of the Shareholders of Uztel S.A., Mr. Dumitru Paul George was appointed as Special Administrator of the company for a period of 4 years starting on 25.05.2023, who will manage the company under the supervision of the Receiver Andrei Ioan IPURL Ploiesti.

These events, together with other matters discussed in Note 17, **indicate that there is significant uncertainty about the Company's ability to continue as a going concern.** Our opinion is not altered in relation to these matters.

KEY AUDIT MATTERS

6. Key audit matters are those matters that, based on our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our 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.

Key audit matters	Our approach to the audit mission
<p>Recognition of income See note 12 "Income from core business"</p> <p>The revenue recognition policy is set out in note 3 "Accounting policies- Income"</p> <p>According to the International Audit Standards, there is an implicit risk in revenue recognition, due to the pressure that management may feel about achieving the planned results.</p> <p>The main activity through which the Company realizes the revenues is the manufacturing of machinery for extraction and construction.</p> <p>Revenues are recorded at the time of their production and are final when invoiced to the customer.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> - Assessment of processes and controls on the existence and accuracy of registered revenue; - Performing procedures to test that revenue is recorded in the correct period; - Testing on the basis of a sample of commercial rents by issuing letters of confirmation;

OTHER INFORMATION –MANAGING DIRECTORS' REPORT

7. The managing directors are responsible for the preparation and presentation of other information. Such other information comprises the Managing 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 the other information and, unless specifically stated otherwise in our report, we do not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements for the financial year ended 31 December 2024, 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 as materially misstated.

As regards the Managing Directors' report, we have read and report whether it is prepared in every material aspect in accordance with OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the international standards of financial reporting.

Exclusively on the basis of the activities that should be performed during the audit of the financial statements, in our opinion:

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

Additionally, on the basis of our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the financial year ended on 31 December 2024, we are required to report whether there are any material misstatements in the Managing Directors' report. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

8. The Company's management is responsible for the preparation and fair presentation of such financial statements in accordance with the OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the international standards of financial reporting, and for such internal control as deemed required by the management to allow for preparation of financial statements free of any material misstatements due to fraud or error.
9. In preparing the financial statements, the 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 as basis of accounting unless the 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.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

11. 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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 the 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.

13. We communicate to those charged with governance, among other matters, the planned scope and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control that we identify during the audit.

14. We also provide those charged with governance with a statement regarding our compliance with ethics requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to be relevant to our independence and, where applicable, the safeguards applied.

15. Among the matters communicated to those charged with governance, we determine those matters that were of greater significance in the audit of the financial statements for the current period and, therefore, are key audit issues. We describe these matters in our audit report, except when laws or regulations preclude public disclosure of the matter or the case where, in extremely rare circumstances, we believe that a matter should not be communicated in our report because it is reasonably expected that the benefits to the public interest would be outweighed by the adverse consequences of such communication.

16. We have been appointed by the General Meeting of Shareholders to audit the financial statements of UZTEL S.A. Ploiești for the financial year ended 31 December 2024/2025. The total uninterrupted duration of our commitment is 4 years, covering the financial years ending on 31.12.2021/31.12.2022/31.12.2023/31.12.2024.

We hereby acknowledge that:

- In the course of our audit, we have also maintained our independence from the audited entity;
- We have not provided the Company with the prohibited non-audit services referred to in article 5 paragraph (1) of EU Regulation no. 537/2014.

On behalf of:

SC LEXPERT AUDIT SRL GALATI

Galati, 8S1 Navelor St, Galati county
Registered with the Authority for Public Supervision of Statutory Audit Activity under no. FA1047

/seal/

Audit Partner

drd.jur.ec. Aurelian Constantin

Registered with the Authority for Public Supervision of Statutory Audit Activity under no. AF1779

24 April 2024

/seal, signed illegibly/

08.05.2025

I, Ilie Oana Alice, an English sworn translator and interpreter under License no. 4858 dated 21.06.2001, issued by the Romanian Ministry of Justice, hereby certify this accuracy of this translation from Romanian into English, that the text submitted has been fully translated without any omissions, and that the contents and meaning of the document has not been misrepresented by translation.

TRANSLATOR,

