

INDEPENDENT AUDITOR'S REPORT
ON INDIVIDUAL FINANCIAL SITUATIONS FROM 31.12.2022
of UZTEL S.A. PLOIESTI

To
the shareholders of UZTEL S.A. PLOIESTI

OPINION

1. We audited the attached financial statements of the company UZTEL SA. PLOIESTI ("the Company"), with registered office in Ploiesti, Mihai Bravu street, no. 243, identified by the unique tax registration code RO 1352846, which include the statement of the financial position on December 31, 2022, the statement of the overall result, the statement of changes in equity and the statement of cash flows for the financial year ended on this date and a summary of the accounting policies significant and other explanatory information.

2. The mentioned financial statements refer to:

- Net assets/Total equity: 40.212.729 lei
- Net profit of the financial year: (8.916.275) lei

3. In our opinion, the attached financial statements provide a true picture of the Company's financial position on December 31, 2022, as well as the financial performance and cash flows for the financial year ended on this date in accordance with the adopted International Financial Reporting Standards by the European Union ("IFRS") and with OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards.

BASIS FOR OPINION

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

5. We draw attention to Note 2 "Basics of preparing individual financial statements Continuity of activity (c)". In accordance with this note, the company declares that *"Based on the analyzes carried out, the Company's Administrators confirm that it will be able to continue its activity in the foreseeable future and, therefore, the application of the principle of continuity of activity 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 profile market and will be reorganized according to the provisions Law no. 85/2014 on insolvency prevention and insolvency procedures"* .

Note 17 also describes events after the balance sheet date that may affect the information presented on the balance sheet, including business continuity. Thus, the company describes the impact of the SARS-CoV-2 pandemic worldwide. This has had a negative impact on orders that have drastically decreased in 2022. The decrease in the volume of orders and contracts has negatively influenced the cash flow and generated the accumulation of budgetary and commercial debts. Thus, on 22.01.2021 was obtained a rescheduling of the existing budgetary debts in balance at that date and during 2022 were obtained decisions no. 1712070/27.05.2022 and no. 1943615202/28.09.2022.

The state of war in Ukraine and the restrictive measures imposed on Russia and Belarus by the European Union lead implicitly to 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 of carrying out the activity of entities / companies in many fields of activity.

These economic implications can affect the financial statements, at the level of the following elements:

- Value of stocks, receivables and debts;
- The value of the commercial fund, of intangible assets;
- Contractual penalties for non-compliance with terms and conditions

Although Note 17 does not speak explicitly about these aspects, the company's management declares that "uncertainties and risks in the economic, commercial and financial environment remain high nationally and internationally". Also, in the same note, it is mentioned that the inflation forecasts have been revised considerably upwards compared to the forecasts from the fourth quarter of 2021. They reflect the effects of very high energy and gas prices that will lead to a significant and unpredictable increase in utility costs in the total operational expenses of the company.

In the case no. 1223/105/2023, pending before the Court Prahova-Section II of Civil Administrative and Fiscal litigation, having as object the opening of insolvency proceedings at the request of UZTEL SA, according to the provisions of Law 85/2014 amended and updated, at the hearing date of 13.04.2023 , The court accepted the request made by the debtor, respectively ordered the opening of the general insolvency procedure against the debtor UZTEL SA. At the same time, he was appointed as temporary judicial administrator Andrei Ioan IPURL. The next trial will be on 13.09.2023.

These events and the restrictions imposed in 2022, along with other aspects presented in the Note 17, indicates the existence of significant uncertainty regarding the Company's ability to continue its activity. Our opinion is not changed on these issues.

KEY AUDIT ISSUES

6. The key aspects of the audit are those aspects that, based on our professional reasoning, had the greatest importance for the audit of the financial statements of the current period. These aspects were 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 offer a separate opinion on these key aspects.

Key audit aspect	Approach within the audit mission
<p>Recognition of revenue See note 12 "income from the basic activity of the company" The revenue recognition policy is outlined in note 3 "revenue-account policies".</p> <p>According to International standards of Audit, there is an implicit risk in the recognition of income, due to the pressure that management can feel about achieving the planned results. The main activity through which the Company achieves the revenues is the manufacturing of machinery for extraction and construction. The revenue is recorded at the time of their production and they are final with their billing to the customer.</p>	<p>Our audit procedures included, among other things:</p> <ul style="list-style-type: none"> - Evaluation of processes and controls regarding the existence and accuracy of recorded revenues; - Carrying out procedures to test that revenues are recorded in the correct period; - Testing on the basis of a sample of commercial rents by issuing letters of confirmation;

7. Administrators are responsible for the preparation and presentation of other information. That other information includes the Administrators' Report, but does not include the financial statements and the auditor's report on them, nor the non-financial statement.

Our opinion on the financial statements does not cover this other information and, with the exception of the case where it is explicitly mentioned in our report, we do not express any kind of assurance conclusion regarding them.

In connection with the audit of the financial statements for the financial year ended on December 31, 2022, our responsibility is to read that other information and, in this endeavour, to assess if that other information is significantly inconsistent with the financial statements, or with the knowledge that we obtained during the audit, or if they appear to be significantly distorted.

Regarding the Administrators' Report, we have read and report whether it has been drawn up in all significant aspects, in accordance with OMFP 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards.

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

a) The information presented in the Administrators' Report for the financial year for which the financial statements were drawn up are consistent in all significant aspects with the attached financial statements;

b) The administrators' report was drawn up, in all significant aspects, in accordance with OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the 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 on December 31, 2022, we are required to report if we have identified significant distortions in the Directors' Report. We have nothing to report on this matter.

THE RESPONSIBILITIES OF THE MANAGEMENT AND OF THE PERSONS IN CHARGE OF GOVERNANCE FOR FINANCIAL STATEMENTS

8. The Company's management is responsible for the preparation of the financial statements that provide a true picture in accordance with OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards and for that internal control that the management considers necessary to allow the preparation of financial statements free of significant distortions, caused either by fraud or error.

9. In preparing the financial statements, the management is responsible for evaluating the Company's ability to continue its activity, for presenting, if necessary, the aspects related to the continuity of the activity and for the use of accounting based on the continuity of the activity, with the exception of the case where the management is intends to liquidate the Company or stop operations, or has no other realistic alternative besides them.

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

THE AUDITOR'S RESPONSIBILITIES IN AN AUDIT OF THE FINANCIAL SITUATIONS

11. Our objectives are to obtain reasonable assurance as to the extent to which 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 represents a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if it exists. Misstatements can be caused either by fraud or error and are considered significant if it can be reasonably expected that they, individually or cumulatively, will influence the economic decisions of users, taken on the basis of these financial statements.

12. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout 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 those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not

detecting a material misstatement caused by fraud is higher than that of not detecting a material misstatement caused by error, because fraud may involve collusion, forgery, intentional omissions, false statements and avoidance of internal control.

- We understand the internal control relevant for the audit, in order to design audit procedures appropriate to the circumstances, but without having the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the degree of adequacy of the accounting policies used and the reasonableness of the accounting estimates and related presentations of information made by the management.
- We formulate a conclusion regarding the degree of adequacy of management's use of accounting based on the continuity of the activity and determine, based on the audit evidence obtained, if there is a significant uncertainty regarding events or conditions that could generate significant doubts regarding the ability The company to continue its activity. If we conclude that there is a significant uncertainty, we must draw attention in the auditor's report to the related presentations from the financial statements or, if these presentations 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 no longer carry out its activity based on the principle of continuity of activity.
- We evaluate the presentation, structure and content of the financial statements, including the presentation of information, and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a faithful presentation.

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

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

15. Among the aspects that we communicated to the people in charge of governance, we establish those aspects that were of greater importance in the audit of the financial statements from the current period and, therefore, represent key aspects of the audit. We describe these matters in our audit report, except when legislation or regulations prevent the public presentation of that matter or when, in extremely rare circumstances, we consider that a matter should not be communicated in our report because it is expected in reasonably that the benefits of the public interest are exceeded 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 regulatory technical standards regarding the unique electronic reporting format.

16. We carried out a reasonable assurance mission on the compliance of the individual financial statements in XHTML format of the company Uztel SA Ploiești ("the Company") on 31.12.2022 ("the XHTML Statements") with the provisions of Delegated Regulation (EU) 2018/815 of the

European Commission, which establishes regulatory technical standards for the specification of a single electronic reporting format ("RTS on ESEF").

Responsibility of the Company's management for the XHTML Statements prepared in accordance with the RTS on ESEF

The management of the Company is responsible for the preparation of the XHTML Situations in accordance with the RTS on ESEF. This responsibility entails:

- ensuring consistency between the XHTML Statements and the financial statements drawn up for submission to the relevant authorities in accordance with Omfp 2844/2016; and
- designing, implementing and maintaining relevant internal control for the preparation and presentation of XHTML Statements in accordance with RTS on ESEF that are free of significant distortions, caused by fraud or errors.

Our responsibility

Our responsibility is to express, based on the evidence obtained, a conclusion as to the extent to which the XHTML Situations comply, in all material respects, with the requirements of the RTS on ESEF. Our reasonable assurance engagement was performed 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.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with RTS on ESEF. The nature, timing and extent of the procedures selected depend on the auditor's judgment, including the assessment of the risk of material deviations from the provisions of the ESEF RTS, whether due to fraud or error. A reasonable assurance engagement involves:

- obtaining an understanding of the process of the Company's preparation of XHTML Statements in accordance with RTS regarding ESEF, and the relevant internal controls;
- assessment of whether the financial statements were drawn up in a valid XHTML format;
- reconciliation of the XHTML Statements with the audited financial statements drawn up by the Company in accordance with Omfp 2844/2016 for submission to the relevant authorities.

We believe 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 31.12.2022 comply, in all material respects, with the requirements of the RTS on ESEF.

In this report, we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding the financial statements. Our audit opinion on the Company's individual financial statements for the financial year ended 31.12.2022 is included in the "Report on the audit of the individual financial statements" section above.

17. We were appointed by the General Meeting of Shareholders to audit the financial statements of UZTEL SA. Ploiesti for the financial year ending on December 31, 2021 and 2022. The total uninterrupted duration of our commitment is 2 years, covering the financial year ending on 31.12.2021 and 31.12.2022

We confirm that:

- Our audit opinion is in accordance with the additional report presented to the Company's Audit Committee, which we issued on the same date we issued this report. Also, during our audit, we maintained our independence from the audited entity;
- I did not provide the prohibited non-audit services for the Company, mentioned in Article 5 paragraph (1) of EU Regulation No. 537/2014.

On behalf of:

SC LEXPERT AUDIT SRL GALATI

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Registered with the Authority for Public Supervision of Audit Activity Statutory number

FA1047

Audit Partner,

dr.jur.ec. Aurelian Constantin

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

April 18, 2023