

G2 Expert

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INDEPENDENT'S AUDITOR REPORT

on the Financial Statements as at
DECEMBER 31, 2021

by
CARBOCHIM S.A.

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de Audit: G2 EXPERT S.R.L.
Registru Public Electronic FA1152

INDEPENDENT AUDITOR'S REPORT

To

CARBOCHIM SA Shareholders

Report on the audit of the Financial Statements

Unqualified opinion

We have audited the accompanying Financial Statements of **CARBOCHIM SA (the "Company")**, with registered office in CLUJ-NAPOCA, Piața 1 Mai, nr.3, identified by Tax Reference Number and VAT Code RO 201535, comprising the Balance Sheet as at December 31, 2021, the Income Statement, the Statement of changes in equity and Cash Flow Statement for the financial year then ended, as well as a Summary of significant accounting policies and the Notes to the Financial Statements.


The Financial Statements as at December 31, 2021 are identified as follows:

• Total assets:	RON 95,861,837
• Total owners' equity:	RON 80,519,709
• Liabilities:	RON 15,342,128
• Net profit for the financial year:	RON 1,441,211

In our opinion, the accompanying Financial Statements give a true and fair view of the Company's financial position as at December 31, 2021 as well as of the financial performance and cash flows for the financial year ended on that date, in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union.

Basis for Opinion

We have conducted our audit in accordance with International Audit Standards ("ISAS"), EU Regulation No 537 of the European Parliament and of the Council (hereinafter the "Regulation") and Law 162/2017 (the "Law"). Our responsibilities under these Standards are described in detail in the Auditor's Responsibilities section in an audit of the Financial Statements in our Report. We are independent of the Company, according to the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), according to ethical requirements relevant for the audit of


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Financial Statements in Romania, including the Regulation and the Law, and 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.

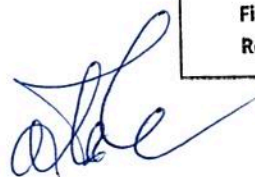
Key audit issues

Key audit matters are those aspects which, based on our professional judgement, were of the utmost importance for the audit of the Financial Statements of the current period. These matters have been addressed in the context of auditing the Financial Statements as a whole and in forming our opinion on them, and we do not give a separate opinion on these key matters.

Key matters	How our audit addressed the key matters
<i>Establishment of provisions for pensions</i>	
By the Collective Bargaining Agreement, the Company has stipulated that upon retirement, employees who meet certain seniority conditions and who retire from the Company are entitled to a certain fixed amount of money, which is granted only once.	In order to address the risk of estimating the amount of provisions to be set up, our procedures included the following: <ul style="list-style-type: none"> - We requested the situation of the persons who have retired in 2021;
According to IAS 19 "Employee Benefits" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", for these amounts, which are considered post-employment benefits, the amount that is to result in outflows of resources at a later date shall be estimated.	<ul style="list-style-type: none"> - We requested and consulted the document relating to the method of calculating the provision regarding this benefit; - We revised the table of existing employees as at December 31, 2021, drawn up by the Financial and Accounting Department, and which includes the calculation method; - We conducted detailed tests.

Impact of the coronavirus pandemic

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The coronavirus pandemic, which made its debut in Romania in February 2020, continuing throughout 2021, triggered a series of events at national and international level that restricted the activity of the population and companies in most areas of activity.

In this context, it is necessary to analyze the impact that the pandemic has had on the Company's business model, on its ability to meet its obligations, on changes in staff structure, etc.

An assessment of the Company's ability to continue its activities on a going concern basis under as normal conditions as possible is also required.

At the date of this Report, CARBOCHIM S.A. is not in a situation of uncertainty regarding the going concern assumption.

Our audit tests and procedures included, among others:

- Income and cash flow analysis;
- Analysis of how the Company has paid its debts to the State budget.
- Analysis of changes in the staffing scheme and investigation on how the human resource has carried out its activity;
- Analysis of the evolution of receipts and payments;
- Analysis of changes on main customers and suppliers.
- Analysis of the management method of the financing contracts and the capacity to meet the obligations;
- Assessment of the liquidity and solvency of the Company;
- Discussions with the management on how to conduct business on a going concern basis.

Other information – Management Report

Management is responsible for preparing and presenting other information. The other information includes the Management Report, but do not include the Financial Statements and the Auditor's Report thereon.

Our opinion on the Financial Statements does not cover this other information and, unless explicitly stated in our Report, we do not express any reassuring conclusion thereon.

In connection with our audit of the Financial Statements for the year ended December 31, 2020, it is our responsibility to read that other information and, in doing so, to assess whether that other information is significantly inconsistent with the Financial Statements or

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knowledge that we acquired during the audit, or whether it appears to be significantly misstated.

Based solely on the activities to be carried out during the audit of the Financial Statements, in our opinion:

- a) The information disclosed in the Management Report for the financial year for which the Financial Statements have been prepared is consistent, in all material respects, with the Financial Statements;
- b) The Management Report was prepared, in all material respects, in accordance with Order 2844/2016

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 any material misstatements in the Management Report. We have nothing to report in this regard.

Responsibilities of Management and persons charged with governance for the Financial Statements

The Management of the Company is responsible for preparing the Financial Statements that give a true and fair view in accordance with IFRS and for such internal control as the Management deems necessary to enable the preparation of Financial Statements free from material misstatement, caused either by fraud or error.

In preparing the Financial Statements, the Management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, where appropriate, the going concern considerations and for using the going concern basis of accounting, unless the Management either intends to wind up the Company or cease operations, or has no realistic alternative other than to do so.

The persons charged with the governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities in any audit of the Financial Statements

Our objectives consist in obtaining reasonable assurance as to the extent to which the Financial Statements, as a whole, are free from material misstatement, caused either by fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs shall always detect material misstatement, if any. Misstatements may be caused either by fraud, or error, and shall be considered material if they can reasonably be expected to

affect, individually or in the aggregate, the economic decisions of the users taken on the basis of these Financial Statements.

As part of any audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism during the audit. Furthermore:

- We identify and assess the risks of material misstatement of the Financial Statements, caused either by fraud or error, design and carry out 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 material misstatement caused by fraud is higher than that of not detecting material misstatement caused by error, as fraud may involve secret covenants, forgery, intentional omissions, false statements and evading 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 assess the appropriateness of the Accounting Policies used and the reasonableness of the accounting estimates and related disclosures made by Management.
- We draw a conclusion as to the appropriateness of the Management's use of the going concern accounting and determine, on the basis of the audit evidence obtained, whether there is material uncertainty as to the events or conditions that could give rise to significant doubts as to the Company's ability to continue as a going concern. Where we conclude that there is material uncertainty, we must draw attention in the Auditor's Report to the related disclosures in the Financial Statements or, where these disclosures are inappropriate, 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 cease operating on a going concern basis.
- We assess the presentation, structure and content of the Financial Statements, including disclosures, and the extent to which the Financial Statements reflect the underlying transactions and events in a manner that results in a fair disclosure.

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

We also provide the persons charged with governance with a statement on our compliance with the ethical requirements on independence and communicate to them all relationships and other matters that can reasonably be considered to affect our independence and, where applicable, the related safety measures.



Among the aspects that we have communicated to those charged with governance, we determine those matters which were of most significance in the audit of the Financial Statements of the current period and which are, therefore, key audit matters. We describe these matters in the Auditor's Report unless laws or regulations prohibit the disclosure of the issue to the public or if, in extremely rare circumstances, we deem that an issue should not be communicated in our Report as the public interest benefits are reasonably expected to outweigh the negative consequences of such disclosure.

Report on other legal and regulatory provisions

We were appointed by the General Meeting of Shareholders on April 28, 2021 to audit the Financial Statements of CARBOCHIM SA for the financial year ended December 31, 2021. The total uninterrupted duration of our engagement is 3 years, covering financial years ended December 31, 2021 until December 31, 2023

We acknowledge that:

- Our audit opinion is consistent with the Additional Report submitted to the Company's Audit Committee, which we issued on the same date as this Report. Furthermore, in conducting our audit, we maintained our independence against the audited entity.
- We have not provided to the Company the prohibited **non-audit services** referred to in Article 5 (1) of EU Regulation No537/2014.

Other matters

This Independent Auditor's Report is addressed solely to the Shareholders of the Company as a whole. Our audit was conducted for the purpose of reporting to the Shareholders of the Company those matters that we are required to report in a Financial Audit Report, and not for other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its Shareholders, as a whole, for our audit, for this Report or for the opinion formed.

Cluj-Napoca, March 23, 2022

The audit engagement partner who prepared this Independent Auditor's Report is,

Gheorghe Alexandru MAN, Financial Auditor

Registered with the Authority for Public Oversight of Statutory Audit Activity
with registration number AF1242

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Activităţii de Audit Statutar (ASPAAS)
Auditor Financiar: MAN
GHEORGHE-ALEXANDRU
Registru Public Electronic AF1242

for and on behalf of G2 EXPERT S.R.L.

Registered with the Authority for Public Oversight of Statutory Audit Activity
with registration number FA1152

Auditor's address:

G2 Expert S.R.L.

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