



# **INDEPENDENT AUDITOR'S REPORT**

**U.A.M.T. S.A.**

**31 DECEMBER 2021**

***Leocont Expert S.R.L.***

Member of the Chamber of  
Financial Auditors of Romania (CAFR),  
under no. 164

Financial Auditor – ***Leonica BOCHIȘ***  
Member of the Chamber of  
Financial Auditors of Romania (CAFR)  
under no. 706

Registration no. 37 / 7 April 2022

## INDEPENDENT AUDITOR'S REPORT

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*To: The Board of Directors and Shareholders of U.A.M.T. S.A.*

### Audit Report on the Annual Financial Statements

#### Unqualified Opinion

1. We audited the individual financial statements of the company U.A.M.T. S.A. (Company), with headquarters in 8 Uzinelor street, Oradea, Bihor county, identified by the unique fiscal registration code RO 54620, which comprise the individual Balance Sheet as of 31 December 2021, the individual Profit and Loss Account, the individual Statement of Changes in Equity and the individual Cash Flow Statement for the year then ended, as well as a summary of significant accounting policies and explanatory notes.
2. The individual financial statements on 31 December 2021 are identified as follows:

➤ Total equity:	74.808.561lei
➤ Overall loss for the period:	8.021.518 lei
3. In our opinion, the accompanying separate financial statements provide a true and fair view of the Company's financial position as of 31 December 2021, as well as of the financial performance and cash flows for the year then ended, in accordance with Order 2844/2016 by the Ministry of Public Finance for the approval of accounting regulations in line with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market.

## Basis for our Opinion

4. We conducted our audit in accordance with the International Standards on Auditing ("ISA"), EU Regulation no. 537/2014 of the European Parliament and of the Council (hereinafter "the Regulation") and Law no. 162/2017 (hereinafter "the 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 from the Company, according to the Ethics Code of Professional Accountants issued by the International Ethics Standards Board for Accountants (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 obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit issues

5. Key audit issues are those issues that, based on our professional judgment, have been of the highest importance for the audit of the current period's financial statements. These issues were addressed in the context of the audit of the financial statements as a whole and we do not provide a separate opinion on them.

Key audit issue	Our approach in the audit mission
<p><b><i>Valuation of operating revenue</i></b> <b><i>(Note 19 to the Financial Statements)</i></b></p> <p>We have identified the recognition of operating income as a key audit aspect, as revenue is one of the key performance indicators of the company, so there is a risk related to their recognition for meeting specific objectives or expectations.</p> <p>A possible significant distortion of operating income could be presented in</p>	<p>Our audit procedures for assessing the recognition of sales revenue included the following:</p> <ul style="list-style-type: none"> <li>➤ Testing the effectiveness of the company's main controls to prevent fraud and errors in revenue recognition. This procedure included testing controls for revenue recognition based on deliveries made by using a sample of transactions.</li> <li>➤ Inspection, based on a sample, to assess whether the company's revenue recognition criteria were</li> </ul>

Key audit issue	Our approach in the audit mission
<p>the individual statement of profit or loss, as a result of the reduction in the activity of major customers, such as the Dacia-Renault plant due to restrictions caused by the Covid-19 pandemic, the decrease of customers' activity and due to supply chain challenges due to restrictions imposed by most countries' authorities and difficulties in securing supplies of material resources and parts.</p> <p>Revenues mainly include operating revenues, respectively related to the production and marketing of parts and subassemblies for means of transport, castings of non-ferrous alloys, etc., both to internal and external customers. Revenue is recognized upon delivery of goods sold in accordance with agreements with customers.</p> <p>Operating revenues decreased by about 18%, to 69,857,123 lei in the current financial year, from 85,187,888 lei at 31.12.2020.</p>	<p>in line with applicable accounting requirements and standards.</p> <ul style="list-style-type: none"> <li>➤ Evaluation, through a sample, of the recognition in the corresponding financial period of the revenues recorded near the end of the financial year, by comparing the selected transactions with the relevant documentation, including shipping notices.</li> <li>➤ Obtaining confirmations of customer balances at the end of the year, based on a sample.</li> <li>➤ Examination of the Sales Journal after the end of the financial year to identify significant credit notes issued and inspection of the relevant documentation to assess whether the related revenues were accounted for in the corresponding financial period.</li> </ul> <p>The financial year 2021 was an atypical one, the health crisis generated by the Covid-19 pandemic generated an economic crisis that affected the business environment, the company registering at the level of operating income a decrease of 18% compared to 2020.</p>

### **Highlighting some matters**

6. Without changing our opinion, we draw attention to the fact that the 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 the risks and ensuring / maintaining the normal conditions for carrying out the activity of companies in many fields of activity.

With the exception of the above, but without being able to calculate a foreseeable impact on the company, no significant subsequent events were recorded, which could have an impact on the financial statements.

### **Other information - Administrators' report**

7. Administrators are responsible for compiling and presenting other information. This information is included in the Administrators' Report, but does not encompass the Financial Statements and the Auditor's Report thereon.

Our opinion on the financial statements does not cover this other information, and unless expressly stated in our report, we do not express any assurance about it.

It is our responsibility to read the information presented in the Administrators' Report and, in this regard, to assess whether that information is materially inconsistent with the financial statements, whether it appears to be materially distorted or whether it contradicts the knowledge that we obtained during the audit mission.

As far as the Administrators' Report is concerned, we need to read it and report on whether it was been prepared in all material respects in accordance with Order 2844/2016 issued by the Ministry of Public Finance for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards, Chapter III, points 15-19.

Based solely on the activities to be performed 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 prepared is consistent, in all material respects, with the financial statements;
- b. The Administrators' Report was drawn up, in all significant aspects, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in line with International Financial Reporting Standards, Chapter III, pts 15-19.

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

### **Responsibilities of Management and those responsible for governance for the individual Financial Statements**

8. Management of the Company is responsible for the preparation and fair presentation of the separate Financial Statements in accordance with International Financial Reporting Standards and with the OMFP no. 2844/2016 of 12 December 2016 for the approval of the Accounting Regulations in line with the International Financial Reporting Standards and for such internal control as the Management considers necessary to allow the preparation of Financial Statements free of material misstatement, whether caused by fraud or error.
9. When preparing the individual financial statements, the Management is responsible for assessing the Company's ability to continue its operation. This entails presenting, where appropriate, aspects referring to the business continuity and using accounting based on the business continuity, unless the Management either intends to liquidate the Company or to stop its operations, or has no other realistic alternative.
10. The people in charge of the governance are responsible for the surveillance of the Company's financial reporting process.

### **Auditor's responsibilities within an audit of Financial Statements**

11. Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether caused by fraud or error, as well as issuing an Auditor's Report which includes our opinion. Reasonable assurance represents a high level of assurance, but there is no guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if any. Distortions may be caused either by fraud or by error and are considered significant if reasonable assurance can be given that they, individually or collectively, will influence the economic decisions of users, when made on the basis of those financial statements.
  
12. As part of an audit in accordance with ISAs, we express a professional judgment and maintain professional skepticism throughout the audit. Furthermore:
  - We identify and evaluate the risks of material misstatement of Financial Statements, whether caused by fraud or error, we design and execute 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 significant misstatement caused by fraud is higher than the failure to detect a significant misstatement caused by error, as fraud may imply secret, deceit, deliberate omissions, false statements, and avoidance of internal control.
  
  - We understand the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  
  - We assess the suitability of the Company's accounting policies and the reasonableness of the accounting estimates and related disclosures made by the Management.
  
  - We formulate a conclusion on the appropriateness of the Management's use of accounting based on the continuity of activity, and determine, based on the audit evidence we obtained, whether there is significant uncertainty about events or conditions that could generate significant doubts about the company's ability to continue its activity. If we conclude that there is significant

uncertainty, we must draw attention to it in the auditor's report on the accompanying financial statements or, if these presentations are inappropriate, change our opinion. Our findings are based on audit evidence obtained by the date of the auditor's report. However, future events or conditions may cause the Company not to continue operating on a business continuity basis.

- We evaluate the presentation, structure and content of financial statements, including disclosures, and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a fair presentation.
13. We communicate to those responsible with governance, among other things, the planned area and timing of the audit, as well as the main findings of the audit, including any significant internal control deficiencies that we identify during the audit.
  14. We also provide a statement to those responsible for governance that we complied with relevant ethical requirements in terms of independence and that we communicated all relationships and other matters which we reasonably assume that might affect our independence and, where appropriate, the corresponding protective measures.
  15. Among the aspects communicated to those in charge of the governance, we determine which ones are the most important for the audit of Financial Statements of the current period and therefore which ones represent key audit aspects. We describe these aspects in the Auditor's Report, unless laws or regulations prohibit public disclosure of the aspect or of the case in which, in extremely rare circumstances, we believe that it should not be communicated in our report. as we are reasonably convinced that the negative consequences of such communication would overcome the benefits of the public interest.

### **Report on other legal and regulation provisions**

16. We were appointed by the General Meeting of Shareholders in 2019, through the additional act no. 3 of 09.12.2019, to the contact for services no. 6 of 01.12.2010, to audit the financial statements of the U.A.M.T. TO. for the financial years 2019, 2020, 2021. The total uninterrupted



duration of our commitment is 12 years, covering the financial years ended December 31, 2021.

We hereby confirm that:

- Our audit opinion is in line with the additional report submitted to the Audit Committee of the Company, which we issued on the same date that we issued this report.
- In conducting our audit, we retained our independence from the audited entity.
- We did not provide any prohibited non-audit services for the Company, referred to in Art. 5 (1) of EU Regulation no. 537/2014.

### **Report on compliance with Delegated Regulation (EU) 2018/815 para Commission (“Technical Regulatory Standard on the Single European Electronic Reporting Format ”or“ ESEF ”)**

17. We have performed a reasonable assurance mission on the compliance of the financial statements prepared by UAMT S.A., included in the annual financial report in ESEF format ("digital files"), with the Commission Delegated Regulation (EU) 2018/815 on the Single European Electronic Reporting Format ("ESEF Regulation").

### **The responsibility of the management of UAMT S.A. for the digital files prepared in accordance with ESEF**

18. The Company's management is responsible for compiling digital files in accordance with ESEF. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the implementation of ESEF;
- ensuring consistency between digital files and financial statements that will be published in accordance with Order 2844/2016 with subsequent amendments.

Those in charge of governance are responsible for overseeing the preparation of Digital Files in accordance with the ESEF.

### **Auditor's responsibility**

19. We are responsible for expressing a conclusion as to the extent to which the financial statements included in the annual financial statement are in conformity with the ESEF, in all material respects, based on the evidence obtained. Our reasonable assurance assignment was performed in accordance with the International Standard on Assurance Assignments 3000 (revised), Assurance Assignments other than audits or reviews of historical financial information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

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

- gaining an understanding of the process of preparing digital files in accordance with the ESEF, including relevant internal controls;
- reconciliation of the digital files with the audited financial statements of the Company that will be published in accordance with Order 2844/2016 with subsequent amendments;
- assessing whether all financial statements that are included in the annual financial statement are prepared in a valid XHTML format.

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

## **Conclusion**

20. In our opinion, the financial statements for the financial year ended 31 December 2021 included in the annual financial report, in the digital files are, in all material respects, in accordance with the ESEF Regulation. In this section of the present report, we do not express an audit opinion, a review conclusion, or any other assurance on financial statements.

Our audit opinion on the Company's financial statements for the financial year ended December 31, 2021 is included in the Report on the Annual Financial Statements section above.

## Other matters

21. This report of the independent auditor is addressed exclusively to the shareholders of the Company as a whole. Our audit was performed in order to be able to report to the Company's shareholders those aspects that we must report in a financial audit report, and not for other purposes. To the extent permitted by law, we accept and assume responsibility only to the Company and its shareholders, as a whole, for our audit, for this report and for the opinion formed.

On behalf of,

**Leocont Expert S.R.L.**  
Member of the Chamber of  
Financial Auditors of Romania (CAFR),  
under no. 164

Autoritatea pentru Supravegherea Publică a  
Activității de Audit Statutar (ASPAAS)  
Firma de Audit: Leocont Expert SRL  
Registrul Public Electronic: FA 164

**Oradea, 7 April 2022**

Autoritatea pentru Supravegherea Publică a  
Activității de Audit Statutar (ASPAAS)  
Auditor financiar: Bochiș Leonica  
Registrul Public Electronic: AF 706

Financial Auditor – **Leonica BOCHIȘ**



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