

**S.C. MCO CONTAB CONSULT S.R.L**

**Audit and accounting company**

**Member of the Romanian Chamber of Financial Auditors**

Registered at the Romanian Chamber of Financial Auditors with no. 1105/2012

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**INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of "CONTED" S.A. Dorohoi**

**Report on financial individual statements**

***Opinion***

1. We audited the enclosed financial statements of the trading company CONTED S.A. (hereby referred to as the „Company”), with registered office in Dorohoi, street 1st December 1918 no. 8, unique identification code 622445, which comprise the statement of financial position at 31 December 2024, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

2. The individual financial statement at 31 December 2024 are identified as follows:

- |  |                       |
|--|-----------------------|
| 1. Net assets/Total shareholder's equity.      | <b>11.001.179 lei</b> |
| 2. The net result of the financial year: ..... | <b>128.322 lei</b>    |

3. In our opinion, the annexed financial situations of SC CONTED SA supply an exact image of the financial position of the Company at the date of 31 December 2024, as well as the result of the operations and the cash flows for the financial year ended at this date, in accordance with the Order of the Public Finances Ministry number 2844/2016 for the Accounting Regulations in conformity with the International Standards of Financial Reports.

***The basis of the opinion***

4. We conducted our audit in accordance with International Standards on Auditing (ISAs). REGULATION (EU) No 537 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (in the following „Regulation”) and Law nr. 162/2017 („ Law”). Our responsibilities under those standards are further described in the „Auditor's Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, included Regulation and Law, and we have fulfilled our ethical responsibilities in accordance with this 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 .

**Key audit issues**

5. The key audit issues are those issues that, in our professional reasoning, had the greatest importance to audit the financial statements of the current period. These issues were addressed in the context of the audit of the financial statements as a whole and in forming our opinion, and we do not offer a separate opinion on these issues.

*Key audit issues*

*Approach taken in the audit*

**1. Revenue recognition**

Our audit procedures included, among others:

Revenues represent a significant amount of 32.515 thousand lei.

**Refer Note 5 „Revenues”**

- evaluating the principles of recognition of revenue in accordance with IAS 18 "Revenue" and in relation to the accounting policies of the company;

The income recognition policy is presented in note 3 "Accounting Policies" point. g.–„Revenue Recognition. "

- testing the existence and effectiveness of internal controls as well as performing detail tests to verify correct recording a

According to the International Standards of Audit, there is an implicit risk in recognizing revenue, thanks to the pressure that management can feel in connection with obtaining the results planned.

transactions;  
- examining the accuracy of adjustments made by society to respect the principle of the exercises independence, considering delivery terms and contractual provisions on the modalities of delivery;

The company generates income on the basis contractual agreements concluded with its customers for the sale of products and provision of services.

-Sample testing of trade receivables on December 31st, 2024 by sending confirmation letters.

Revenues are recognized at the time delivering products to the customer based on contract conditions.

-examining the sales record after the end of the financial year to identify significant credit notes issued and inspecting the relevant documentation to assess whether the related income has been accounted for in the corresponding financial period

**2. Analysis of depreciation of tangible assets**

According to Note 14 “Stocks”, as of December 31, 2024, the total stocks are worth 7,054.72 thousand lei and represent a significant percentage of the total assets of the company, their valuation implying a high level of management judgment. These

. Our audit procedures for testing the existence of inventories consisted mainly of, but were not limited to, the participation in the inventory of inventory items according to the Inventory Chart approved by management, including reconciling the

stocks consist mainly of raw materials, semi-finished products, work in progress and finished products.

auditor's count with that of the company's representatives, any physically / morally depreciated stocks.

Inventory valuation is, in principle, at the lower of cost and net realizable value.

In order to validate the valuation of the acquisition / production cost of inventories, we performed detailed tests on the valuation in relation to the requirements of IAS 2 "Inventories".

The cost assessment includes various components such as the cost of purchase or the cost of production, including the trade discounts received.

We checked the estimates of the net realizable value in relation to the sale price and we checked whether there were stocks that were sold with a negative margin by analyzing the recent sales invoices from January and February 2024.

For finished products, the net realizable value is estimated at the cost of production.

#### ***Other information – The Report of the Administrators***

6. The directors are responsible for the preparation and presentation of other information. Such information includes the directors' report but does not include the individual financial statements and the auditor's report about this.

Our opinion on the individual financial statements does not cover such other information, and unless explicitly stated in our report, we do not express any form of assurance conclusion about this.

In relation to our audit of the individual financial statements for the financial year ended December 31, 2024, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or appears to be materially misstated.

#### ***Other Reporting Responsibilities Regarding Other Information – The Report of the Administrators***

7. Regarding the Directors' Report, we have read and report whether it has been prepared, in all material respects, in accordance with Order of the Ministry of Public Finance no. 2844/2016, points 15-19 of the Accounting Regulations compliant with International Financial Reporting Standards.

Based solely on the activities carried out during the audit of the individual financial statements, in our opinion:

a) The information presented in the Directors' Report for the financial year ended December 31, 2024, for which the financial statements were prepared, is, in all material respects, consistent with the financial statements;

b) The Directors' Report has been prepared, in all material respects, in accordance with Order of the Ministry of Public Finance no. 2844/2016, points 15-19 of the Accounting Regulations compliant with International Financial Reporting Standards.

Furthermore, based on our knowledge and understanding of the Company and its environment gained during the audit of the financial statements for the financial year ended December 31, 2024, we are required to report whether we have identified any material misstatements in the Directors' Report. We have nothing to report in this regard.

***Responsibilities of Management and Governance Responsible Individuals for the Financial Statements***

- 8. Management is responsible for the fair preparation and presentation of the financial statements in accordance with Order of the Ministry of Public Finance no. 2844/2016 approving the Accounting Regulations compliant with International Financial Reporting Standards and for the internal control that management considers necessary to enable the preparation of 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so
- 10. Governance responsible individuals are responsible for overseeing the financial reporting process of the Company.

***Auditor's responsibilities 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 issue 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 International Audit Standards will always detect a significant misstatement, if any. Distortions may be caused by either fraud or error and are considered significant if they can reasonably be expected to have an individual or cumulative effect on the economic decisions of users, based on these financial statements.

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

- We identify and assess the risks of the financial statements caused either by fraud or by error, and design and execute audit procedures in response to such risks and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of non-detecting a material misstatement due to fraud is higher than the risk of non-detecting of a material misstatement due to error because fraud may involve collusion, forgery, deliberate omissions, misrepresentations and avoiding internal control;
- We consider the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Company;
- We assess the adequacy of the accounting policies used and the reasonableness of accounting estimations and related presentations made by management;
- We formulate a conclusion regarding the suitability of the accounting used by the management based on the business continuity and we determine, based on the audit evidence obtained, if

there is a significant uncertainty relating to events or conditions that could generate significant doubts regarding the company's ability to continue its activity. If we conclude that there is significant uncertainty, we must draw the attention in the auditor's report on the presentations related to the financial statements or, if these presentations are inadequate, we must change our opinion. Our conclusions are based on the audit evidence obtained until the date of the auditor's report. However, future events or circumstances may cause the company to no longer operate on the basis of the principle of the continuity of the business;

- We generally assess 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 the persons responsible for governance, among other things, the planned scope and timing of the audit, as well as the main audit findings, including any internal control weaknesses that we identified during the audit.

14. We are also required to provide the persons responsible for governance, with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all the relationships and other matters that may reasonably be thought to bear our independence, and where applicable, the related safeguards.

15. From the matters communicated with the persons responsible for governance, we are required to determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We are required to describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter and when, in extremely rare circumstances, we determine that a matter that has not otherwise been publicly disclose should not be communicated in our report in view of the significance of the adverse consequences that can reasonably be expected to arise as a result of such communication.

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

16. In accordance with Law no. 162/2017 on the statutory audit of annual financial statements and consolidated annual financial statements and amending certain normative acts, we are required to express an opinion on the compliance of the financial statements with the requirements of Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards for specifying a single electronic reporting format ("ESEF RTS requirements")

#### ***Responsibility of Management***

17. The Company's management is responsible for preparing financial statements in a digital format that complies with the ESEF RTS requirements. This responsibility includes preparing the financial statements in the applicable xHTML format, including ensuring consistency between the financial statements in digital format and the signed financial statements and designing, implementing and maintaining relevant internal controls for the application of the RTS requirements regarding the RTS.

### ***Auditor's Responsibility***

18. Our responsibility is to express an opinion on whether the financial statements included in the annual report comply, in all material respects, with the ESEF RTS requirements, based on the evidence obtained. We conducted our mission 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 the compliance of the financial statements with the ESEF RTS requirements. The nature, timing, and extent of the procedures selected depend on the auditor's professional judgment, including the assessment of significant risks of deviation from the ESEF RTS requirements due to fraud or error. Our procedures included assessing the adequacy of the financial statements format and evaluating the consistency between the financial statements in digital format and the signed and audited financial statements stamped by us for identification purposes.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Opinion***

19. In our opinion, the financial statements of the Company included in the annual report for the financial year ended December 31, 2024, have been prepared, in all material respects, in accordance with the ESEF RTS requirements.

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

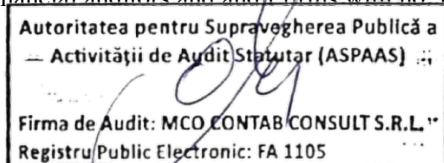
20. We were appointed by the General Meeting of Shareholders on April 24, 2024 to audit the financial statements of S.C. CONTED S.A. for the financial year ended 31 December 2024.

We confirm that:

- Our audit opinion is consistent with the supplementary report presented to the Company's Audit Committee, which we issued on the same date as this report. Additionally, during the conduct of our audit, we maintained independence from the audited entity.
- We have not provided the Company with prohibited non-audit services, as mentioned in Article 5(1) of EU Regulation no. 537/2014.

The audit engagement partner responsible for the mission upon which this independent auditor's report is based is MERGHIDAN CONSTANTIN-OVIDIU.

S.C. MCO CONTAB CONSULT S.R.L.  
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financial auditors and audit firms with no. FA1105



Dorohoi, March 27, 2025

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