

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
S.C. Societatea Națională a Sării S.A.

Opinion

1. We have audited the enclosed financial statements of S.C. Societatea Națională a Sării S.A. ("the Company"), having its registered office at 220 Calea Victoriei str., District 1, Bucharest, identified by sole tax reference number 1590430, statements which comprise the statement of financial position as at December 31, 2021, the comprehensive income statement, the statement of changes in own equity and the statement of cash flows for the fiscal year then ended, as well as a summary of the significant accounting policies and the explanatory notes.
2. The individual financial statements as at December 31, 2021 appear as follows:

➤ Net assets/Total own equity:	510,585,268 lei
➤ Fiscal year net outturn – profit:	60,191,050 lei
3. In our opinion, the accompanying individual financial statements give a true view, in all material respects, of the Company's financial standing as at December 31, 2021, and its financial performance and cash flows pertaining to the fiscal year then ended, in accordance with Order of the Minister of Public Finance no. 2844/2016 on the approval of the Accounting regulations compliant with the International Financial Reporting Standards ("OMFP no. 2844/2016").

Grounds for the opinion

4. We have carried out our audit in accordance with the International Standards on Auditing ("ISA"), EU Regulation no. 537 of the European Parliament and of the Council (hereafter "the Regulation") and Law no. 162/2017 ("the Law"). Our responsibilities pursuant to these standards are described in detail in the "The auditor's duties in a financial statement audit" section " section in our report. We are independent from the Company, in line with the Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants (the IESBA Code), in line with the ethical requirements which are relevant to the auditing of financial statements in Romania, including the Regulation and the Law, and we have fulfilled our ethical duties in line with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and adequate in providing a basis for our opinion.

Highlighting certain aspects

5. We will draw attention to note 18.1, Revenues that present a further analysis of the accurate classification of revenues from sales of goods and the related expenses, which should have been included in the comprehensive income statement. Our opinion does not include any reserve in relation to this aspect.
6. We will draw attention to note 32.2, Contingent liabilities, which describes the current status of the Company’s litigations with the Court of Accounts and NAFA (*National Agency for Fiscal Administration*) on the calculation method the amount due by the Company as royalties for the 2010 – 2012 and 2010 – 2013 periods, respectively. Considering the nature of the disagreement with the Court of Accounts, as well as the different decisions of the High Court, the Company is unable to determine the probability of any possible actions and additional amounts that might eventually be applied to the Company. Consequently, the Company deemed this aspect a contingent liability in accordance with International Accounting Standard 37 “Provisions, Contingent Liabilities and Contingent Assets”, and disclosed the related details in the financial statements. Our opinion does not include any reserve in relation to this aspect.

Key audit aspects

7. The key audit aspects are the aspects which, based on our professional judgement, had the greatest significance in the audit of the financial statements for the current period. These aspects were tackled in the context of the audit of financial statements overall, and in formulating our opinion on them, and we do not provide a separate opinion in relation to these key aspects.

In addition to the aspects described in paragraph 6, we considered the following aspects, as well, to be key aspects:

Key audit aspects

Manner of addressing the key aspect

a) Provisions for litigations

The Company is a party in numerous litigations with business partners, authorities and salaried employees, which entails the risk of future economic losses.

Our audit procedures included, among others:

- An analysis of the status of litigations, as detailed by the Company’s legal advisors / attorneys, and discussions with the Company’s legal advisors on the status of the major litigations the Company is involved in;

Key audit aspect

a) Value adjustments for impairments of trade receivables

The decision to register a provision for litigations or to disclose a contingent liability entails professional judgment / reasoning and certain estimations done by the Company management.

b) The IT & MIS systems

The Company does not have an integrated management system and various IT systems and applications are employed across the Company's branches, which entails the need for additional reconciliations and manual controls, whereas the risk or errors or omissions can increase accordingly.

Manner of addressing the key aspect

- An analysis of the assumptions employed and the estimates made by the Company in relation to the litigations, and also of the provisions recognised in the financial statements or of the disclosed contingent liabilities;
- An analysis of the minutes to the meetings held by the Management Board and the Shareholders' General Assembly on relevant aspects concerning the Company's major litigations.

Our audit procedures included, among others:

- Understanding the IT environment, the architecture of the systems involved in financial reporting and the general IT controls;
- Reconciliations of data from various sources;
- Conducting detailed procedures, analytical review procedures and extensive balance acknowledgement procedures.

Other information – the Administrators' Report

8. The administrators shall be responsible for drawing up and presenting other information. This extra information comprises the Administrators' Report, which also includes the non-financial statement, while not including the financial statements and the auditor's report on these statements.
9. Our opinion concerning the financial statements does not cover this extra information, as well, and, unless it is expressly mentioned in our report, we do not express any sort of assurance conclusion in relation to it.
10. In regard to the audit of financial statements for the fiscal year ended on December 31, 2021, our duty is to read the extra information and, in the process, determine whether that

extra information is significantly inconsistent with the financial statements or with the knowledge we have acquired throughout the audit or appears to be materially misstated.

11. As far as the Administrators' Report is concerned, we have read and are reporting whether it have been drawn up, in all material respects, in accordance with the requirements of provided at items 15-19 in OMFP no. 2844/2016.

Based exclusively on the activities that have to be carried out during the auditing of financial statements, in our opinion:

a) The information presented in the Administrators' Report, for the fiscal year in relation to which the financial statements were drawn up, is in all material respects in accordance with the financial statements;

b) The Administrators' Report was drawn up, in all material respects, in accordance with the information provided at items 15-19 in OMFP no. 2844/2016.

Furthermore, based on our knowledge and understanding of the Company and its environment, gained during the audit of financial statements for the fiscal year ended on December 31, 2021, we are requested to report whether we have identified material misstatements in the Administrators' Report. We have nothing to report in that respect.

The responsibility of the management and the persons in charge with governance for the financial statements

12. The management is responsible for drawing up and presenting, in a true and accurate manner, the financial statements in line with OMFP no. 2844/2016, and for that internal control which the management may deem necessary in order to allow drawing up financial statements free of any material misstatements, caused either through fraud or error.
13. In drawing up the financial statements, the management are responsible for estimating the Company's capacity to continue its activity by presenting, where necessary, the aspects pertaining to business continuity and using the business continuity principle as an accounting basis, except for cases where the management either intend to wind the Company up or shut down operations, or have no realistic alternative beyond the former.
14. The persons in charge with governance are responsible for supervising the Company's financial reporting process.

The auditor's responsibility during an audit of financial statements

15. Our objectives consisted in obtaining reasonable assurances concerning the extent to which the financial statements, on the whole, are free of material misstatements, caused either through fraud or error, as well as in issuing an auditor's report that would include our opinion. Reasonable assurances indicate a high level of assurance, however, without guaranteeing the fact that an audit carried out in compliance with the International Audit Standards will always detect a material misstatement, if any. Misstatements can be caused by fraud or by error and are deemed significant if one can reasonably forecast that they will individually or cumulatively influence the users' economic decisions made based on these financial statements.

16. As part of an audit compliant with the IAS, we exercise professional judgement and maintain professional scepticism throughout the audit. Furthermore, we:
 - Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in reply 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 the one of not detecting a material misstatement 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 the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

 - Formulate a conclusion on the appropriateness of management's use of accounting based on business continuity and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue its activity. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease conducting business based on the business continuity principle.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements reflect the underlying transactions and events in a manner that achieves fair presentation.
17. We communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, as well as significant audit findings, including any deficiencies in internal control that we identify during our audit.
 18. In addition, we provide to those in charge with governance an affidavit according to which we have complied with the relevant ethical requirements on independence and have mentioned to them all the relations and other aspects that one would reasonably presume affect our independence and, where necessary, the related protection measures.
 19. Among the aspects we have mentioned to those in charge with governance, we underline those aspects with greater significance, throughout the audit, for the financial statements of the current period and operate, therefore, as key audit aspects. We describe these aspects in our audit report, save for the case where the legislation or the regulations prevent the public disclosure of the respective aspect or the extremely rare case where we believe that a particular aspect should not be stated in our report as it can reasonably be estimated that the benefits to the public interest will be outweighed by the negative outcomes of such disclosure.

Report concerning other legal and regulatory provisions

20. We were appointed by the Shareholders' General Assembly, as per decision no. 18 from November 24, 2020, to audit the financial statements of Societatea Națională a Sării S.A. for the following fiscal years: the ones concluded on December 31, 2020 and December 31, 2021 and the one to be concluded on December 31, 2022. The total uninterrupted duration of our engagement is 2 years, covering the fiscal year ended on December 31, 2020 and the one ended on December 31, 2021.

We acknowledge that:

- Our audit opinion is in line with the additional report presented to the Company's Audit Committee, which we issued on the same date as this report. Furthermore, in conducting our audit, we remained independent from the audited entity.

- We have not rendered for the Company any of the forbidden non-auditing services, mentioned by article 5 paragraph (1) in EU Regulation no. 537/2014.

Bucharest,
April 15, 2022

Christodoulos Seferis

Registered with the Electronic Public Register of ASPAAS (*Authority for the Public Supervision of the Statutory Audit Activity*) under no. AF1585

On behalf of **TGS ROMANIA ASSURANCE AND ADVISORY BUSINESS SERVICES SRL**

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