UZTEL S.A.
OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS
243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA
Phone: + 40(0)244 / 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

IN INSOLVENTA IN INSOLVENCY EN PROCEDURE COLLECTIVE

SEMESTER REPORT AT 30.06.2023

Half-year report according to the financial statement as at 30.06.2023
Date of report: 30.08.2023
Name of the company: UZTEL S.A.
Headquarters: Mihai Bravu street, no.243, Ploiesti city, zip 100410, Prahova County
Phone :0040/0244/541399 or 0372441111 –call center
Fax :040/0244/521181
E-mail: office@uztel.ro
Unique Registration Code at the Trade Registry Office: RO1352846
Order number in the Trade Register: J29 / 48/1991
Subscribed and paid-up share capital: 13.413.647,50 lei
The regulated market on which the issued securities are traded:
Bucharest Stock Exchange – Standard category

The Interim Report of the Special Administrator of the company Uztel SA Ploiesti for the first semester of 2023 shows the significant events and transactions for understanding the changes in the company's position and performance that took place between January 1 and June 30, 2023, prepared according to the provisions of the N.S.C. Rule no. 5/2018 regarding issuers of financial instruments and market operations (Annex nmb. 14).

1. Economic and financial situation

1.1. Presentation of an analysis of the current economic and financial situation compared to the same period last year, referring at least to:

a) Elements of financial position

lei

Indicators	30.06.2023	31.12.2022	30.06.2022
TOTAL ASSETS, of which:	**80.966.428**	**84.604.302**	**88.351.079**
· Fixed assets	34.188.981	35.500.674	35.575.969
· Current assets	46.773.624	49.098.285	52.771.105
· Other assets	3.823	5.343	4.005

Total Assets - registered a percentage decrease of 4,30 % on 06/30/2023 compared to 31.12.2022 and a percentage decrease of 8,36 % compared to 30.06.2022, due to the following developments:

Fixed assets registered a percentage decrease of 3,69 % on 30.06.2023 compared to 31.12.2022, and a percentage decrease of 3,90 % compared to 30.06.2022;

Current assets registered a percentage decrease of 4,73 % on 30.06.2023 compared to 31.12.2022 and a percentage decrease of 11,36 % compared to 30.06.2022;

Other assets (expenses in advance) recorded a percentage decrease of 28,45 % on 30.06.2023 compared to 31.12.2022 and a percentage decrease of 4,54% compared to 30.06.2022.

lei

Indicators	30.06.2023	31.12.2022	30.06.2022
TOTAL LIABILITIES, of which:	**80.966.428**	**84.604.302**	**88.351.079**
• Current liabilities	6.612.149	34.537.943	34.395.006
• Long-term debt	38.516.998	9.639.293	8.149.161
• Equity	35.629.129	40.212.729	45.589.095
• Other liabilities	208.152	214.337	217.817

Total Liabilities - registered a percentage decrease of 4,30 % on 30.06.2023 compared to 31.12.2022 and a percentage increase of 8,36 % compared to 30.06.2022, due to the following developments:

Current liabilities (amounts to be paid within a period of up to one year) registered a percentage decrease of 80,86 % on 30.06.2023 compared to 31.12.2022 and a 30.06.2022, percentage decrease of 80,78 % compared to 30.06.2022.

Long-term debts (amounts to be paid in a period of more than one year) registered a percentage increase of 299,58 % on 30.06.2023 compared to 31.12.2022 and a percentage increase of 372,65 % compared to 30.06.2022.

Equity registered a percentage decrease of 11,40 % on 30.06.2023 compared to 31.12.2022 and a percentage decrease of 21,85 % compared to 30.06.2022.

Other liability elements (provisions for litigation and guarantees granted to clients) recorded a percentage decrease of 2,89 % at 30.06.2023 compared to 31.12.2022 and a percentage decrease of 4,44 % compared to 30.06.2022.

b) Elements of the global result

lei

Explanations	01 January - 30 June 2023	01 January - 30 June 2022
TOTAL REVENUE, of which:	**15.827.403**	**23.169.025**
· Operational revenues (operation)	15.556.706	23.007.947
· Financial income	270.697	161.078
TOTAL EXPENDITURE of which:	**20.411.003**	**26.964.937**
· Operational expenses (exploitation)	19.821.729	26.368.726
· Financial expenses	589.274	596.211
Result of operational activity (exploitation)	**(4.265.023)**	**(3.360.779)**
Financial result	**(318.577)**	**(435.133)**
GROSS RESULT	**(4.583.600)**	**(3.795.912)**
NET RESULT	**(4.583.600)**	**(3.795.912)**

Total revenues - registered a percentage decrease of 31,69 % on 30.06.2023 compared to 30.06.2022, i.e., in nominal values from 23.169.025 lei at 30.06.2022 to 15.827.403 lei at 30.06.2023.

Total expenses - registered a percentage decrease of 24,31 % at 30.06.2023 compared to 30.06.2022, i.e., in nominal values from 26.964.937 lei at 30.06.2022 to 20.411.003 lei at 30.06.2023.

The result from the operational activity (exploitation) registered a decrease at 30.06.2023 compared to 30.06.2022, i.e., in nominal values from (3.360.779) lei at 30.06.2022 to (4.265.023) lei on 30.06.2023.

The financial result recorded an increase at 30.06.2023 compared to 30.06.2022, i.e., in nominal values from (435.133) lei at 30.06.2022 to (318.577) lei at 30.06.2023.

The gross / net result of the period registered a decrease on 30.06.2023 compared to 30.06.2022, i.e., in nominal values from (3.795.912) lei at 30.06.2022 to (4.583.600) lei at 30.06.2023.

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c) Cash -flow elements **lei**

Explanations	01 January -30 June 2023	01 January -30 June 2022
A. Net cash from operating activities	(11.208)	(7.398.210)
B. Net cash derived from investment business	(145.633)	(176.858)
C. Net cash from financing	347.067	7.344.966
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**190.226**	**(230.102)**
Cash and cash equivalents at the beginning of the period	**105.728**	**358.763**
Cash and cash equivalents at the end of the period	**295.954**	**128.661**

The process of reorganization and commercial, economic and financial restructuring of the activity of Uztel SA is continued by:
- Maintaining an optimal level of sales on the domestic and international market;
- Optimization of stock levels of raw materials, finished materials and products;
- A more "aggressive" policy of conquering new sales markets;
- Medium and long-term development of joint ventures;
- Making investments to improve technological performance and ensure health and safety conditions of work;
- Achieving a balance between revenue and expenditure to maintain the profitability threshold by reducing the direct and indirect costs of the company according to the sales volume.

The international financial crisis that was also felt in Romania, the pandemic generated by the SARS-CoV.2 coronavirus and the restrictions imposed by the European Union, Russia and Belarus, as a result of the war in Ukraine, had a negative impact on the energy system and economic chains, leading implicitly to affecting the normal functioning of economic and financial activities, with a direct impact on financial mechanisms, all of which represent social, commercial, economic and financial phenomena and aspects independent of society and which cannot be controlled by it. Through the application registered on 15.03.2023 before the Prahova Court under no. 1223/105/2023, the company Uztel S.A. requested the syndic judge to open the general insolvency procedure, as a result of the Decision of the Board of Directors of Uztel S.A. no. 54/13.03.2023.

Through the application, the company Uztel S.A. expressed its intention to reorganize the activity, considering that it has the entire material base necessary for the reorganization of the activity, having in this sense the necessary experience, reliable manufacturing technologies, orders, as well as qualified personnel, carrying out - and the activity for a long period of time, being in this sense known nationally and internationally.

By the Conclusion pronounced in the meeting dated 13.04.2023 in file no. 1223/105/2023 pending at the Prahova Court, the syndic judge ordered the opening of general insolvency proceedings against the company Uztel S.A. Ploiesti.

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2. Analysis of the activity of Trading Company

The company faced a series of difficulties in collecting the value of the delivered goods and services provided to the company's clients, the average duration of the collection of term invoices increased, the company's current activity decreased, leading to a decrease in turnover. The decrease in the sales volume was determined by the reduction in the volume of contracts and orders at the company level, against the background of the evolution of the international and national situation, combined with the fluctuations in the price of the barrel of oil.

2.1. Compared to the same period last year (semester I 2022), during the first semester of 2023 the following are observed:

- Compliance with the principle of continuity of activity by ensuring the financial resources necessary for the commercial operation of the company in the conditions of the post-pandemic medical crisis, the increase in oil and energy prices, the war in Ukraine which amplifies the rising trend of inflation and implicitly the prices of fuels, energy, raw materials and materials;
- A percentage increase of 1,55 % of interest expenses on 30.06.2023 compared to 30.06.2022, i.e., in nominal values from 367.192 lei at 30.06.2022 to 372.889 lei at 30.06.2023;
- A percentage decrease of 14,97% of the expenses with personnel at 30.06.2023 compared to 30.06.2022, i.e., in nominal values from 12.134.935 lei at 30.06.2022 to 10.317.894 lei at 30.06.2023, under the conditions that in the period March -June 2023, as a result of the decrease in the portfolio of contracts and orders, the working schedule of the employees was reduced from 5 to 4 days a week.

Due to the nature of the activities carried out, the company is exposed to various risks that include: interest rate risk, liquidity risk, currency risk, market risk. The management aims to reduce the potentially adverse effects associated with these risk factors, on the company's financial performance by maintaining an adequate level of capital and results

Interest rate risk

The Company's cash flows are affected by interest rate fluctuations. The Company does not use financial instruments to protect against interest rate fluctuations (ROBOR).

	Accounting reporting at 30 June 2023 (lei)	**Accounting reporting at 30 June 2022** (lei)
Interest paid	372.889	367.192

Liquidity risk

Prudent management of liquidity risk involves maintaining sufficient cash in current bank accounts in lei and foreign currency.

	Accounting reporting 30 June 2023 (lei)	**Accounting reporting at 30 June 2022** (lei)
Cash and cash on hand	295.954	128.661

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Currency risk

The company is subject to fluctuation in exchange rates due to transactions in foreign currency.

	Accounting reporting 30 June 2023 (lei)	Accounting reporting 30 June 2022 (lei)
Net result of exchange rate variations	45.747	(69.015)

The liquidity of the banking system was not sufficient for the economic needs, the national currency depreciated, the interbank interest rates having a downward trend. Therefore, the market risk and liquidity risk increased a lot during the years 2020 - 2023, thus affecting the company's activity.

Market risk

Any market study that would be conducted by the company at this time, it cannot provide accurate information about the stock sale of manufactured products.

The demand for products made by UZTEL SA Ploiesti is currently more elastic than stable, as consumer preferences and orientations (internal and external customers), the dramatic increase of the oil price and investment budgets of the big oil companies and the size of the competitors' offer are unpredictable. As a result, the company is currently facing instability in the demand for oil equipment, sales and oil barrel prices, which generated a variation in turnover and, implicitly, of the volume of sales on the domestic and international market and therefore a decrease of the cash flows generated by the operation activity.

The main impact on the company's activity is related to the disruptions caused by the war at the logistics and supply chain level, as well as the increase in the prices of energy raw material.

2.2. Compared to the same period last year, in the first semester of 2023 Uztel SA Ploiesti supported the expenses of the activity from its own sources and attracted sources of bank financing by assigning invoices for certain clients / internal debtors.

– Fixed assets decreased in the first semester of 2023 compared to the first semester of 2022 by 3,90 %, from 35.575.969 lei at 30.06.2022 to 34.188.981 lei at 30.06.2023 as a result of the decrease in the net value of tangible fixed assets by 3,86 %, from 35.536.899 lei at 30.06.2022 to 34.165.021 lei at 30.06.2023 by calculating and recording depreciation, as well as the decrease in the net value of intangible assets by 38,67 %, from 39.070 lei at 30.06.2022 to 23.960 lei at 30.06.2023.

- Current assets decreased in the first semester of 2023 compared to the first semester of 2022 by 11,36 % from 52.771.105 lei at 30.06.2022 to 46.773.624 lei at 30.06.2023.

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2.3. The sales volume achieved by the company in the first semester of 2023 was 15.561.568 lei, representing a percentage decrease by 28,36 % compared to the same period of the previous year, i.e. in nominal values from 21.720.844 lei at 30.06.2022 to 15.561.568 lei at 30.06.2023.

Income from the basic activity of the company

The turnover related to the period 01.01.2023 – 30.06.2023 is presented as follows:

Accounting reporting at 30.06.2023	Value (lei)	Share in Total revenue %	Share in Turnover %
Income from the sale of finished products – domestic market	9.130.862	57,69	58,68
Revenues from the sale of finished products – external market	6.152.106	38,87	39,53
Revenue from rendered services – internal and external transport	79.525	0,50	0,51
Revenue from leasing of oilfield equipment	400	0,00	0,00
Income from sales of goods	181.300	1,15	1,16
Income from various activities	17.375	0,11	0,12
Turnover - Total	**15.561.568**	**98,32**	**100,00**

The turnover for the period 01.01.2023 – 30.06.2023 per business segments is as follows:

Reporting on operational segments at June 30, 2023	Value (lei)	Share in Total revenues %
Income from the sale of finished products - domestic	9.130.862	57,69
Revenues from the sale of finished products - external	6.152.106	38,87
Income related to the cost of finished product stocks and production in progress	(1.156.066)	-
Revenue from services rendered	79.525	0,50
Revenue from leasing of oilfield equipment	400	0,00
Income from sales	181.300	1,15
Other operation revenue	17.375	0,11
Total	**14.405.502**	**98,32**

lei

For the trade segment the turnover is in the sum of:	181.300
For the services segment the turnover is in the sum of:	97.300
For the production segment the turnover is in the amount of:	15.282.968

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The turnover for the period 01.01.2022 – 30.06.2022 is as follows:

Accounting reporting at 30.06.22	Value (lei)	Share in Total revenues %	Share in turnover %
Income from the sale of finished products - domestic	13.688.043	59,08	63,02
Revenues from the sale of finished products - external	7.609.619	32,84	35,03
Revenue from rendered services - laboratory	1.187	0,01	0,01
Revenue from rendered services - external transport	1.568	0,01	0,01
Revenue from leasing of oilfield equipment	150.344	0,65	0,69
Income from sales	252.467	1,09	1,16
Other operation revenue- internal	17.616	0,08	0,08
Turnover - Total	**21.720.844**	**93,75**	**100,00**

The turnover for the period 01.01.2022 – 30.06.2022 per business segments is as follows:

Reporting on operational segments at June 30, 2022	Value (lei)	Share in Total revenues %
Income from the sale of finished products - domestic	13.688.043	59,08
Revenues from the sale of finished products - external	7.609.619	32,84
Income related to the cost of finished product stocks and production in progress	1.220.164	5,27
Revenue from services rendered	2.755	0,01
Revenue from leasing of oilfield equipment	150.344	0,65
Income from sale of goods	252.467	1,09
Other operation revenue	17.616	0,08
Total	**22.941.008**	**99,02**

	lei
For the trade segment the turnover is in the sum of:	252.467
For the services segment the turnover is in the sum of:	170.715
For the production segment the turnover is in the amount of:	21.297.662

Evolution of sales on the domestic and foreign market:

- **Sales in RON** decreased from 14.109.657 lei on 30.06.2022 to 9.322.417 lei on 30.06.2023, i.e. a percentage decrease of 33,93 % compared to the same period of 2022;

- **Sales in EUR** decreased from 1.277.901 Euro on 30.06.2022 to 787.417 Euro on 30.06.2023, i.e. a percentage decrease of 38,38 % compared to the same period of 2022;
- **Sales in USD** increased from 292.188 USD on 30.06.2022 to 469.804 USD on 30.06.2023, i.e. a percentage increase of 60,79 % compared to the same period of 2022.

Explanations	30.06.2022	30.06.2023	30.06.2023/30.06.2022*100
Sales in RON	14.109.657	9.322.417	66,07
Sales in EURO	1.277.901	787.417	61,62
Sales in USD	292.188	469.804	160,79

3. Changes affecting the capital and administration of the commercial company

3.1 Through the application registered on 15.03.2023 before the Prahova Court under no. 1223/105/2023, the company Uztel S.A. requested the syndic judge to open the general insolvency procedure, as a result of the Administrative Council Decision no. 54/13.03.2023. By the Conclusion pronounced in the meeting dated 13.04.2023 in file no. 1223/105/2023 pending at the Prahova Court, the syndic judge ordered the opening of the general insolvency proceedings of the company Uztel S.A. Through the application, the company Uztel S.A. expressed its intention to reorganize the activity, considering that it has the entire material base necessary for the reorganization of the activity, having in this sense the necessary experience, reliable manufacturing technologies, orders, as well as qualified personnel, carrying out - and the activity for a long period of time, being in this sense known as a reference company on a national and international level.
The causes that determined the emergence of the state of insolvency were, mainly, the following:

- The economic crisis and the repeated fiscal changes that affected Romania in the period 2020 – 2023;
- The evolution of the international epidemiological situation determined by the spread of the SARS-Cov-2 coronavirus, the declaration of the pandemic by the World Health Organization and the establishment of the state of emergency on the territory of Romania and other countries;
- The conflict in Ukraine;
- The negative evolution of macroeconomic indicators (inflation, budget deficit, decrease in foreign investments, increase in the unemployment rate, energy crisis, oil crisis, etc.);

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- Financial causes determined by the above factors, market conditions and the legislative framework led to a major liquidity deficit that determined the company's inability to pay.

3.2 The Company did not recorded changes regarding the rights of the holders of securities issued by the company as follows:

- According to the existing records at the Central Depository S.A., the situation of the owners of shares on 30.06.2023 is the following, so:

Shareholder	Nmb. Of shares	Percent (%)
UZTEL Association	4.498.300	83,8381
Natural persons	447.203	8,3349
Legal entities	419.956	7,8270
TOTAL	**5.365.459**	**100**

- According to the existing records at the Central Depository S.A., the situation of the owners of shares on 30.06.2022 is the following:

Shareholder	Nmb. Of shares	Percent (%)
UZTEL Association	4.498.300	83,8381
Natural persons	447.133	8,3335
Legal entities	420.026	7,8283
TOTAL	**5.365.459**	**100**

In accordance with the legal provisions in force, respectively Law 31/1990 amended and updated, the management of the company was exercised between 01.01.2023 – 05.25.2023 by the Board of Directors, consisting of five members with full powers:

PERIOD 01.01.2023 – 25.05.2023		
Surname, given name	**POSITION**	**PERIOD**
Hagiu Neculai	CEO	01.01.2023-25.05.2023
Popescu Ileana	Member of Board of Directors	01.01.2023-25.05.2023
Serbaniuc Tudor	Member of Board of Directors	01.01.2023-02.04.2023
Stan Vasile Armis	Member of Board of Directors	01.01.2023-25.05.2023
Grigore Victor	Member of Board of Directors	01.01.2023-25.05.2023

By Decision no. 2/25.05.2023 adopted by the Ordinary General Meeting of Shareholders of Uztel S.A. Mr. Dumitru Paul George was appointed as Special Administrator of the company for a period of 4 years starting on 25.05.2023, who will manage the company under the supervision of the Judicial Administrator.

4. Significant transactions

IAS 24 "Affiliated Party Operations" regulates business operations with entities that have cash holdings as associate members of the Uztel Ploiesti Association (the majority shareholder of UZTEL SA - Ploiesti with a total of 4.498.300 shares, representing 83.84 % of the share capital of the company).

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The following transactions have been made with affiliated parties:

A) Sales of products and services

Description of entity	**6 months 2023 lei**	**6 months 2022 lei**
Axon SRL Ploiesti	47.130,56	5.615,40
Ipsar SRL Valeni de Munte	1.199,20	0

B) Acquisition of goods and services

Description of entity	**6 months 2023 lei**	**6 months 2022 Lei**
Aprodem S.A. Ploiesti	0	2.463,30
Axon SRL Ploiesti	76.398,75	394.211,17
Platus Com SRL Campina	15.316,85	37.219,42
Titancore SRL Ploiesti	0	157.796,98

Description of entity	**6 months 2023 usd**	**6 months 2022 usd**
Shabum International LTD Tel Aviv	0	1.023,70

According to IAS 24 (Presentation of the information regarding the affiliated parties), the company considered it appropriate to describe the commercial transactions carried out with the legal entities that hold money funds as associate members of the UZTEL Association. The legal entities whose transactions were mentioned above do not fall under the provisions of art. 92^3 alinea (3) of Law no. 24/2017 due to the fact that the holdings, i.e. the money funds, do not allow them to hold the control.
The company UZTEL SA presents the following additional information regarding the Share of the money funds held, on 30.06.2023, by the legal entities in their capacity as members of the Uztel Association, as follows:

Description of entity	**% money hold in Asociatia UZTEL**
Axon SRL Ploiesti	0,7380
Ipsar SA	0,3255
Platus Com SRL Campina	0,6090
Titancore SRL Ploiesti	4,2191

Description of legal entity	
Shabum International LTD Tel Aviv	0,2640

Special administrator,
General Director,
Dumitru Paul George

Economic Department,
Popescu Ileana Brujban Gabriela

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INTERIM FINANCIAL STATEMENTS AT THE DATE OF AND FOR 6 MONTH PERIOD ENDED AT JUNE 30, 2023

Prepared in accordance with International Financial Reporting Standards adopted by the European Union

Interim financial statements are not audited

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IN INSOLVENTA IN INSOLVENCY EN PROCEDURE COLLECTIVE

Statement of the individual financial position

For Accounting Reporting on 30.06.2023

in LEI	Note	30 June 2023	31 December2022
Long-term Assets			
Tangible assets	9	34.165.021	35.462.326
Intangible assets	9	23.960	38.348
Total long-term assets		**34.188.981**	**35.500.674**
Current assets			
Stocks	10	36.831.051	37.712.651
Trade receivables and other receivables	4	9.650.442	11.285.249
Deferred tax receivables	4	0	0
Loans granted to related parties		0	0
Taxes to be recovered		0	0
Other assets		0	0
Cash and cash equivalents	4	295.954	105.728
Total current assets		**46.777.447**	**49.103.628**
Total Assets		**80.966.428**	**84.604.302**
EQUITY AND LIABILITIES			
Capital and reserves			
Equity	5	13.413.648	13.413.648
Adjustments of equity	5	3.453.860	3.453.860
Reserves	5	31.888.588	32.369.908
Result for the period		(4.583.600)	(8.916.275)
Result reported	8	(13.126.967)	(9.024.687)
Total Capitals		**35.629.129**	**40.212.729**
Long term debts			
Loans	4	7.461.622	21.043
Trade debts and other liabilities	4	15.502.485	3.207.735
Other debts		14.729.097	5.537.551
Provisions for disputes	8	208.152	214.337
Income in advance	4	0	872,964
Total long term liabilities	4	**37.901.356**	**9.853.630**
Current liabilities			
Trade debts	4	1.219.090	12.743.007
Loans	4	0	8.279.953
Income in advance	4	3.276.849	5.588.736
Other liabilities	4	2.940.004	7.926.247
Total current liabilities		**7.435.943**	**34.537.943**
Total liabilities		**45.337.299**	**44.391.573**
Total equity and liabilities		**80.966.428**	**84.604.302**

UZTEL S.A.
OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS
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IN INSOLVENTA IN INSOLVENCY EN PROCEDURE COLLECTIVE

Statement of comprehensive income

For Accounting Reporting on 30.06.2023

In LEI	Note	30 June2023	30 June 2022
Income	11	15.561.568	21.720.844
Other Income	11	1.151.204	66.939
Other gains / (losses) -net	11	6.185	2.400
Income cost of inventories of finished goods and production in progress	11	(1.156.066)	1.220.164
Expenses with raw materials and consumables	11	(5.569.370)	(10.765.742)
Asset depreciation and amortization expense	11	(829.643)	(941.331)
Employee benefits expense	11	(9.931.222)	(11.699.627)
Expenditure on insurance contributions and social security	11	(386.672)	(435.308)
Expenses with external supply	11	(1.341.647)	(1.766.755)
Other expenses	11	(1.769.360)	(762.363)
Operation profit	11	**(4.265.023)**	**(3.360.779)**
Financial income	11	270.697	161.078
Financial expenses	11	589.274	596.211
Financial costs - net		**(318.577)**	**(314.240)**
Profit / (loss) before tax	**6**	**(4.583.600)**	**(3795.912)**
Profit / (loss) of the period - net	6	**(4.583.600)**	**(3.795.912)**
Total consolidated income for the period		**(4.583.600)**	**(3.795.912)**
Earnings per Share	6	**(0,85)**	**(0,71)**
Number of shares	6	**5.365.459**	**5.365.459**

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Statement of Changes in Equity
For Accounting Reporting on 30.06.2023

In LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
Balance on January 012023		**13.413.648**	**3.453.860**	**2.001.592**	**29.737.183**	**631.133**	**(9.024.687)**	**40.212.729**
Reserve Reclassification From Revaluation At reported Result	**5**	**-**	**-**	**-**	**-**	**-**	**481.320**	**481.320**
Net Profit of period	**6**	**-**	**-**	**-**	**-**	**-**	**(4.583.600)**	**(4.583.600)**
Transfer between Equity accounts	**5**	**-**	**-**	**-**	**(481.320)**	**-**	**-**	**(481.320)**
Balance at 30 June 2023		**13.413.648**	**3.453.860**	**2.001.592**	**29.255.863**	**631.133**	**(13.126.967)**	**35.129.629**

In LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
Balance at 01 January 2022		**13.413.648**	**3.453.860**	**2.001.592**	**31.432.792**	**631.133**	**(1.422.418)**	**49.510.607**
Reserve Reclassification From Revaluation At reported Result	**5**	**-**	**-**	**-**	**-**	**-**	**848.683**	**848.683**
Reported result further correction of accounting errors	**9**	**-**	**-**	**-**	**-**	**-**	**(125.600)**	**(125.600)**
Net Profit of period	**6**	**-**	**-**	**-**	**-**	**-**	**(3.795.912)**	**(3.795.912)**
Transfer between Equity accounts	**5**	**-**	**-**	**-**	**(848.683)**	**-**	**-**	**(848.683)**
Balance at 30 June 2022		**13.413.648**	**3.453.860**	**2.001.592**	**30.584.109**	**631.133**	**(4.495.247)**	**45.589.095**

Continued Interim Statement of Changes in Equity

As a result of the application of IFRS from the financial year 2012, the financial statements have been restated, resulting in the application of IAS 29, an adjustment of the own funds inflation of ROL 3.453.860.

No deferred tax adjustments for revaluation reserves for the period 01.01.2021 – 30.06.2022 have been calculated.

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Interim statement of cash flows
For Accounting Reporting on 30.06.2023

In LEI	30-June 2023	30-June 2022
Net profit for the period	**(4.583.600)**	**(3.795.912)**
Amortization / depreciation of long-term assets	829.643	941.331
Gain / loss on sale of fixed assets	55.826	(13.634)
Adjustment for depreciation of receivables - clients	469.022	469.022
Interest expenses	372.889	367.192
Interest income	6.954	1.050
Gain / loss from exchange rate differences	45.747	69.015
Movements in working capital	**1.780.081**	**1.833.976**
Increase / (decrease) in trade receivables and other receivables	(1.633.287)	(601.691)
Increase / (decrease) in inventories	(881.600)	(266.141)
Increase / (decrease) in other current assets	(1.520)	1.136
Increase / (decrease) in trade payables	2.364.848	(2.099.816)
Increase / (decrease) in deferred revenue	(49.170)	605.208
Increase / (decrease) other liabilities	3.365.929	(2.707.778)
Cash used in operating activities	**3.165.200**	**(5.069.082)**
Interest paid	(372.889)	(367.192)
Cash generated from operating activities	**(11.208)**	**(7.398.210)**
Net cash from investing activities	**(145.633)**	**(176.858)**
Cash payment for acquisition of land and assets	(145.633)	(176.858)
Net cash from funding activity	**347.067**	**7.344.966**
Cash repayments of borrowings	(313.673)	(502.969)
Cash collected from loans and credits	660.740	7.848.168
Dividends paid	0	(233)
Increase / decrease in net cash and cash equivalents	**190.226**	**(230.102)**
Cash and cash equivalents at beginning of period	**105.728**	**358.763**
Cash and cash equivalents at end of period	**295.954**	**128.661**
Increase / decrease in net cash and cash equivalents	**190.226**	**(230.102)**

NOTES TO INTERM INDIVIDUAL FINANCIAL STATEMENTS ON 30 JUNE 2023

1. REPORTING ENTITY UZTEL S.A. (THE "COMPANY")

IAS 1.138 (a)-(b) UZTEL S.A. Ploiesti (the "Company") is a company based in Romania.
IAS 1.51 the financial statements have been prepared under IFRS for the period of 01.01.2023 – 30.06.2023.
The company was organized as a joint stock company under *Law no. 15/1990 on the reorganization of state economic units as autonomous holdings and companies and the* Government Decision no. 1213/20 November 1990, act published in Official Gazette no. 13bis / January 21, 1991, operating under Law no. 31/1990 of the companies and its own statute.
The company is registered in the Trade Register related to Prahova Tribunal under no. J29 / 48/1991 and holds unique registration code - RO1352846.
The Company's core activity is the "Manufacture of machinery for mining, quarrying and construction" NACE classified code 2892.
As of May 22, 2008 the Company was admitted to trading on BSE category II with UZT symbol. Currently shares of UZT are traded.
In 2004, the company was privatized in PSAL I, by transferring shares held by the Romanian state to private shareholders , namely the Authority for State Assets Recovery balance the shareholding in the Company, equivalent to 76.8745% of the share capital at that time, to the consortium formed by association "UZTEL" and company ARRAY PRODUCTS CO.LLC – SUA .
Through the application registered on 15.03.2023 before the Prahova Court under no. 1223/105/2023, the company Uztel S.A. requested the syndic judge to open the general insolvency procedure, as a result of the Decision of the Board of Directors of Uztel S.A. no. 54/13.03.2023.
Through the application, the company Uztel S.A. expressed its intention to reorganize the activity, considering that it has the entire material base necessary for the reorganization of the activity, having in this sense the necessary experience, reliable manufacturing technologies, orders, as well as qualified personnel, carrying out - and the activity for a long period of time, being in this sense known nationally and internationally.
By the Conclusion pronounced in the meeting dated 13.04.2023 in file no. 1223/105/2023 pending at the Prahova Court, the syndic judge ordered the opening of general insolvency proceedings against the company Uztel S.A. Ploiesti .

Description of the Company's business.

SC "UZTEL" S.A. Ploiesti was founded in 1904 having an experience of over 118 years in the main activity: designing, manufacturing, repairing, selling on domestic and international market parts, assemblies and oil equipment and manufacture forgings and molded parts, spare parts for oil equipment, industrial machines, machine tools repair and others.
Since establishment "Company Romano - Americana" was meant to drilling, processing and distribution of petroleum products in Romania. The company was nationalized in 1948 and has expanded its business by embedding business of oilfield equipment repairs.

In 1950 it was renamed "Uzina Teleajen" and became a unit independent of the refinery sector.
In 1958 the company was taken over by the Ministry of Oil and Chemistry and in 1963 became a part of the General Directorate for Construction and Repair Oil Equipment. After 1966 the company was under the Ministry of Petroleum.
The company was founded and registered in the Trade Registry Prahova on 02.15.1991, at no. J29 / 48/1991, with unique registration code RO 1352846 under the name S.C. UZTEL S.A. as a joint stock company, Romanian legal person with unlimited runtime in accordance with Law No.31 / 1990 - Companies Law.
Until 1990 it was called "Oil and Repair Equipment Company Teleajen" and then, based on Law No.15 / 1990, Law No.31 / 1990 H. G.no. 1213/1990 was reorganized as a company, registered with the name S.C. UZTEL S.A.
In 2004 the company was privatized as a result of the contract of sale of shares No.77 / 2004 signed between A.V.A.S. Bucharest as Seller and the Consortium Association UZTEL Ploiesti and Array Products CO LLC as Buyer.
Currently, the company is in a moment of relative difficulty from a financial point of view, with an obvious imbalance, but the short, medium and long term perspectives must be taken into account.
In support of the chances of reorganization of the company Uztel S.A., a series of measures have been identified that can determine the recovery and continuation of the company's activity, among which:

- Giving up activities that do not generate added value for society;
- The purchase directly from producers of raw materials and consumables necessary for the development of the economic activity;
- Renegotiation of commercial contracts concluded with the company's partners;
- Continuation of the steps to recover the claims prior to the opening date of the insolvency procedure – 13.04.2023;
- Resettlement of debts on the current context, under the conditions of respecting the correct and fair treatment of the claims;
- The fruition to a greater extent of the competitive advantages that Uztel S.A. has them compared to competitors (technical and qualified human resources);
- The capitalization of surplus assets, to the extent that it will be necessary, after a careful analysis of all the implications;
- Reduction of personnel expenses.

The company UZTEL S.A. Ploiesti's main objective is to maintain the market share in terms of production efficiency by improving responsiveness to customer requests, diversifying the range of products and services offered, creating joint-venture type companies and opening commercial representatives in areas of interest in the field of activity in which activate.
Decisions with immediate effect will generate visible and evaluable effects in a short term, among which we can list:

- the permanent audit of technological and logistic processes in order to minimize production times and costs;
- the implementation of a "Change Management" program that will help you create and implement new visions, strategies and initiatives to support medium and long-term actions;
- comparative evaluation (integration-outsourcing) of costs that do not affect the core business, as well as those that affect it in a small proportion;
- optimizing the flow of decision-making information.

Permanent decisions on cost optimization and control generate visible and evaluable effects in the periodic activity of the company, among which we can list:

- operational costs are in a continuous process of optimization, production expenses are planned and controlled periodically;
- staff resizing according to functional categories and depending on the volume of activity;
- reduction of indirect costs (security services, telephony, transport, etc.);
- the operation of the fully optimized cost structure, adapted to the new market conditions that will support a profitable growth in the future.

Permanent decisions regarding the promotion of sales have generated and will generate visible and evaluable effects in the company's activity, among which we can list:

- redefining the organization of the product range, focusing on the most sought-after products and keeping only fast-moving products (slow-moving products are not stocked);
- implementation of training programs for employees of the sales-offering department;
- the full range of integrated products and services for the company's clients and the initiation of a service program through partners for external and internal clients;
- formation of an interdepartmental team for promotion (focused on sensitive and significant improvement of brand perception);
- rethinking the company's marketing strategy and that of social responsibility.

The company UZTEL S.A. it is a viable and mobile economic system, optimally dimensioned, it is a recoverable enterprise that has the ability to continue its productive activity. The company has an integrated production with local design skills, applies high technologies in accordance with API specifications and CE standards. The S.S.M. Environmental Quality Department, using modern laboratories and procedures, ensures compliance with international standards ISO 14001-2015, ISO 9001-2015, ISO 45001-2018 and the API specification. UZTEL maintains and continuously improves the quality management system "SMC" ISO 9001: 2015 and API Spec. Q1, harmonized with the Environmental Management System and S.S.M. in accordance with ISO 14001, ISO 45001:2018, integrated with the Environmental, Health and Safety Management Systems at work, certified by GR EUROCERT SRL Ploiesti, to ensure the quality of the products against the background of protecting the environment and creating a safe and healthy working environment at work.

2. BASIS OF PREPARATION OF INDIVIDUAL FINANCIAL STATEMENTS IAS 1.112

a. *Statement of compliance with IFRS*

IAS 1.7 states that International Financial Reporting Standards include: International Financial Reporting Standards, International Accounting Standards, IFRIC and SIC interpretations. These provisions imply that an entity will include in its financial statements an explicit and unreserved statement of compliance with IFRSs whether to apply all the provisions of International Financial Reporting Standards, International Accounting Standards, SIC and IFRIC interpretations.

IAS 1.16 The Company has prepared the complete set of financial statements in accordance with the Order of the Minister of Public Finance no. 881/2012 and the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards.

These financial statements have been prepared on a going concern basis. The amounts are expressed in lei in all components of the financial statements.

The accompanying financial statements are based on the Company's statutory accounting records, adjusted and reclassified for fair presentation in accordance with IFRS.
Significant adjustments to the statutory financial statements refer to:

- grouping a number of accounts in positions of the more comprehensive financial position situation;
- preparation of the notes to the financial statements, as well as of the other presentation requirements in accordance with IFRS.

These financial statements have been drawn up in accordance with the historical cost convention, with the exception of those presented below in the accounting policies.
Uztel SA is not part of a group of entities under the control of a parent company, is not in a consolidation perimeter and does not apply IFRS 10 - Consolidated financial statements.
The Special Administrator assumes responsibility for the preparation of the financial statements on 30.06.2023 and confirms that they are in accordance with the applicable accounting regulations, and that the company carries out its activity under conditions of continuity.

b. Basis of valuation

IFRS require that the financial statements prepared on a historical cost basis be adjusted, taking into account the effect of inflation, if it was significant (IAS1.106) to include the revaluation of tangible and adjusted according to International Accounting Standard IAS 29- Financial Reporting in hyperinflationary economies, until 31 December 2003. From 1 January 2004, the Romanian economy is no longer considered hyperinflationary.
The Company does not apply hyperinflationary environment accounting as of this date.

c. Ongoing activity

The financial statements have been prepared under ongoing business principle assumption
Through the application registered on 15.03.2023 before the Prahova Court under no. 1223/105/2023, the company Uztel S.A. requested the syndic judge to open the general insolvency procedure, as a result of the Decision of the Board of Directors of Uztel S.A. no. 54/13.03.2023.
Through the application, the company Uztel S.A. expressed its intention to reorganize the activity, considering that it has the entire material base necessary for the reorganization of the activity, having in this sense the necessary experience, reliable manufacturing technologies, orders, as well as qualified personnel, carrying out - and the activity for a long period of time, being in this sense known nationally and internationally.
By the Conclusion pronounced in the meeting dated 13.04.2023 in file no. 1223/105/2023 pending at the Prahova Court, the syndic judge ordered the opening of general insolvency proceedings against the company Uztel S.A. Ploiesti
The Management of the Company analysed the forecasts regarding the future of the operational activity, highlighting, at least for the period 01.01.2023 - 30.06.2023, a volume of entries insured both by the execution of some existing contracts, but also by the reasonable certainty of contracting new works.
SC UZTEL S.A. is one of the leading manufacturers of oilfield equipment, and providing repair services in this area, an area that has a positive perspective, especially in present day in Romania, when large companies in Europe and beyond will begin operation of new deposits of oil and natural gas.
Based on the analyses made, the Company's Directors 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 the financial statements based on this principle.

UZTEL S.A. Ploiesti joins other large national and international oil companies that report commercial and financial results below expectations due to the explosive increase in energy prices that generated a chain increase in the prices of raw materials and materials.

The disruptions caused by the war at the logistics and supply chain level, as well as the increase in production costs for a wide range of raw materials, add to the disruptions in world trade caused by the drastic measures to limit the spread of COVID-19 still applied in certain parts of the world which affects production.

Thus, against the background of the energy crisis, the war led to a sudden increase in energy prices and disrupted supply chains even more. It is expected that inflation will be at a high level for a longer period of time.

All these events (the medical/sanitary crisis, the increase in prices and the war) affected the company's activity:

- the turnover recorded for the first semester of 2023 decreased by 28,36 % compared to the same period of the previous year, operating expenses decreased by 24,83 % (expenses regarding energy consumption decreased in the current period compared to the previous period by 26,69 %, from 2.191.384 lei at 30.06.2022 to 1.606.449 lei at 30.06.2023);
- The commercial activity of selling / bidding the company is hampered by: travel bans, stopping global oil equipment auctions, volatile oil price hikes, price reductions requested by major national and international drilling companies, breaking supply chains -sales of national and international companies.

In this respect, the company has managed and will succeed in resizing its business according to the specific market conditions in which it operates, but with production and personnel costs, costs that have affected the results recorded in the first half of 2023.

d. Functional and presentation currency

Under IAS 1.51 financial statements are presented in Romanian Lei (RON), which is the functional and presentation currency. Except where otherwise stated, the financial information presented in RON has been rounded to the nearest unit.

e. **Use of estimates and judgments**

Preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates are made based on the most reliable information available at the date of the financial statements but actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods affected as of IAS 1.125.
In accordance with IAS 36, both tangible and intangible assets are reviewed at the balance sheet date to identify whether there are indicators of impairment.
The most significant estimates and decisions that have an impact on the amounts recognized in the financial statements are estimates of the economic life of tangible assets (i.e. equipment), determine the recoverable amount of tangible assets involving a lease, the

estimated provisions for doubtful debts, for depreciation of old stocks and stocks without movement, provisions for risks and charges.

3. ACCOUNTING POLICIES

Accounting policies detailed below have been consistently applied by the Company in accordance with IAS 8 and IAS 1134-135.

The company discloses information that enables users of its financial statements to evaluate the objectives, policies and processes for managing capital Society.

In order to comply with IAS1.134 Society presents:

- Qualitative information about its objectives, policies and processes for managing capital including a description of what it manages as capital, and how it is meeting its objectives for managing capital;
- A summary of quantitative data;
- Any changes from the previous period on qualitative and quantitative information.

The Company relies on information provided internally by the key management personnel according to IAS 1135.

In the process of applying the Company's accounting policies, management has not made significant assumptions apart from those involving estimates of reserves for receivables, inventories and litigation that have significant effect on the amounts in the financial statements.
Accounting policies have been consistently applied to all periods presented in financial statements prepared in accordance with IFRS.
In the process of applying the Company's accounting policies, the management made estimates for provisions, for adjustments for the depreciation of uncertain receivables and stocks without movement or slow motion that have an effect on the values in individual financial statements.

Distinction current / fixed assets and current/long term debt

Society presents current and fixed assets and current and long-term liabilities as distinct classifications in statement of financial position, except when a presentation based on liquidity provides information that is reliable and more relevant in order of liquidity.

a. Transactions in foreign currencies

According to IAS 1.51 (d), (e) foreign currency transactions are expressed in RON by applying the exchange rate at the date of the transaction. Monetary assets and liabilities expressed in foreign currency at the end of the period are expressed in RON at the exchange rate from that date.
Gains and losses on exchange differences, realized or unrealized, are recorded in the profit and loss account for the respective year, in accordance with IAS 21.
The official exchange rates used to convert foreign currency balances as of June 30, 2022 are as following :

Currency	30 June 2023
1 Euro	4,9644lei
1USD	4,5478lei

b. Financial instruments

Non-derivative financial receivables

Financial assets include primarily cash and cash equivalents, customers and other similar accounts, investments. Recognition and measurement of these items are disclosed in the respective accounting policies.
Financial instruments are classified as receivables from loans, liabilities or equity in accordance with the content of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income as incurred. Payments to holders of financial instruments classified as equity are charged directly to equity.
The Company initially recognizes receivables and deposits on the date on which they were initiated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date when the Company becomes party to the contractual terms of the instrument.
The Company recognizes a financial asset when it expires contractual rights on cash flows generated by the assets or when transferred rights to collect the contractual cash flows of the financial asset in a transaction in which the risks and rewards of ownership of the financial asset are transferred significantly. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.
Financial assets and liabilities are compensated and in the statement of financial position are presented net value only when the Company has a legal right to offset the amounts and intends either to settle on a net basis, or to realize the asset and settle the obligation at the same time.
The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, held to maturity financial assets, receivables and financial assets available for sale.

Trade Receivables

Customer accounts and similar accounts include invoices and unpaid at the reporting date at face value and estimated claims related to sales, services, which are recognized initially at fair value plus directly attributable transaction costs. Subsequently, customer accounts and similar accounts are stated at amortized cost less impairment losses. Amortized cost approximates the nominal value. Ultimate losses may vary from the current estimates. Due to the inherent lack of information about the financial position of customers, an estimate of probable losses is uncertain. However, the company management made the best estimate of losses and believes that this estimate is reasonable in the circumstances. Losses of value are analysed on the date of the financial statements to determine whether they are correctly estimated.
Depreciation adjustment can be repeated if there has been a change in existing conditions when determining the recoverable amount. Reversing impairment adjustments can be made so that only the net value of the asset does not exceed its net book value history.

Cash and cash equivalents

Cash available includes the cash register, current accounts and other cash equivalents. The cash provisions in the currency are revalued at the exchange rate at the end of the period. Financing through internal and external factoring without regress is an integral part of the management of the Company's money funds, and is included as a component of the cash availabilities in order to present the cash flow situation.

Short-term investments

The Company does not own short term financial investment at 30.06.2023.

c. Non-derivative financial debt

The company initially recognizes the debt instruments issued and the subordinated debts on the date they are initiated. All other liabilities (including liabilities designated at fair value through profit or loss) are initially recognized at the trade date, when the company becomes a party to the contractual terms of the instrument.
The Company derecognizes a financial liability when its contractual obligations are settled, cancelled or expires.
Financial assets and liabilities are compensated and the net amount of financial position is presented only when the Company has a legal right to offset the amounts and intends either to settle on a net basis, or to realize the asset and settle the obligation at the same time.
The company has the following non-derivative financial debts: internal and external factoring without regression, bank loans, commercial debts and other debts.
Such financial liabilities are initially recognized at fair value plus any directly attributable trading costs. Subsequent to the initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

d. Trade payables

Payables to suppliers and other payables are recognized initially at fair value plus directly attributable transaction costs. Subsequently, they are recognized at amortized cost less impairment losses using the effective interest method. Amortized cost approximates the nominal value.
Payables and other liabilities at amortized cost include the invoices issued by the suppliers of goods, works and services rendered.

e. Interest bearing borrowings

Borrowings are recognized initially at fair value, net of transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost, any difference between cost and redemption value being recognized in the statement of comprehensive income during the loan based on an effective interest rate.
Net financing costs include interest on borrowings calculated using the effective interest rate method, less capitalized costs capitalized in assets, interest receivable on funds invested, dividend income, favourable and unfavourable foreign exchange differences, risk fees and commissions.
Interest income is recognized in profit or loss in the year they occur, using the effective interest rate method. Dividend income is recognized in profit or loss on the date the Company's right to receive dividends is recognized.

f. Equity (share capital)

Ordinary shares

Ordinary shares are classified as part of equity. Incremental costs directly attributable to issue ordinary shares and share options are recognized as a deduction from equity net of tax effects. Dividends on equity holdings (capital) established in accordance with General

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assembly of Shareholders (AGA) Decisions are recognized as a liability in the period in which their distribution is approved.

g. Tangible assets

Under IAS 16 property, plant and equipment are initially recorded at acquisition cost. Intangible assets visible through financial statements were included in the revalued amount less accumulated depreciation and adjustments for depreciation or impairment losses.
Historical cost includes expenditure that is directly attributable to the acquisition of the items. Tangible assets include land, buildings, construction, machinery and equipment and other tangible assets and tangible assets in progress.
Starting May 1, 2009, statutory reserves from the revaluation of fixed assets, including land, performed after 1 January 2004, which are deducted from taxable income through tax depreciation or expenditure on assets balance and / or scrapped, are subject to tax while tax depreciation deduction , when writing off books of these assets, as appropriate.
Statutory reserves from revaluation of fixed assets, including land, made up to 31 December 2003 plus the portion of the revaluation performed after January 1, 2004 for the period up to April 30, 2009 will not be taxed at the time of transfer to reserves representing surplus revaluation reserve, but when changing their destination
The statutory reserves are made taxable in the future, when changing of reserves destination in any form, in case of liquidation, merger of the Company, including its use to cover accounting losses, except for transfer, after 1 May 2009, the reserves for assessment after 1 January 2004.
When parts of a tangible asset have different service lives, they are considered separate asset.
The tangible assets out of service or sold are removed from the statement of financial position together with the corresponding accumulated depreciation. Gains or losses after retirement or disposal are equal to the net proceeds from the disposal (less disposal costs) minus the net book value of the asset. They are recognized as income or expense in profit or loss.
When an asset is reclassified as investment property, the property is revalued at fair value. Gains arising from revaluation are recognized in the income statement only to the extent there is a loss of impairment of the property and any remaining winnings recognized as other elements of overall income and presented in the revaluation reserve in equity. Any loss is recognized immediately in profit or loss. Subsequent costs are capitalized only when it is probable that such expenditure will generate future economic benefits of the Company. Maintenance and repairs are expenses in the period.

The fair value of tangible assets has been determined on the basis of continuity.

The company was founded in 1904 and became the joint stock company under Law no. 15/1990 regarding the reorganization of state economic units as autonomous kings and commercial companies and based on GD no. 1213/20 November 1990. During all this period the company had an uninterrupted production activity. The company UZTEL operates in a compact perimeter of approximately 20 ha in the peripheral industrial area of the city of Ploiesti, and the industrial buildings and halls they use within this perimeter are in a close connection with the manufacturing process, from the buildings - industrial halls intended for the hot sectors (ex-steel foundry, cast iron and non-ferrous buildings, forge building, model building) to industrial halls mechanical processing (ex-building for mechanical processing, building of oil equipment) to buildings - assembly halls, assembling, assembly tests, tests (ex - building of valves and machines, building of paint - packaging, warehouse hall for assembly).

The company owns on 30.06.2023 technological equipment, measuring, control, and adjustment, transportation, furniture and office equipment with a net book value of 5.966.452 lei, with a life span between 2 - 22 years, used in industrial purpose, put into operation since 1970.

„*The frequency of revaluations depends on the changes in the fair values of the revalued tangible assets. If the fair value of a revalued asset is significantly different from the carrying amount, a new revaluation is required. Some elements of property, plant and equipment are subject to significant and fluctuating changes in fair value, requiring annual revaluation. In the case of tangible fixed assets whose fair values do not undergo significant changes, it is not necessary to make such frequent revaluations. Instead, it may be necessary to reevaluate that item only once every three or five years.* ”

The company chose through the accounting policies for the class of tangible assets - buildings to apply IAS 16.34 regarding the revaluation of the tangible assets once every 5 years.

The company owns, in particular, old buildings, put into operation between 1921 - 1999, in which production activity is carried out (i.e. building warehouse materials - commissioning in 1921, building prototypes - commissioning in 1922, factory building - commissioning in 1925, model building - commissioning in 1933, office building - commissioning in 1935) with lifetimes ranging from 24 to 60 years.

These tangible assets are specific to the manufacturing process, not having an active market for their evaluation and trading, in the absence of the comparison terms.

In accordance with the provisions of IAS 16.31 and IAS 16.34, the company applied the professional rationing and accounting treatment for the tangible assets used (buildings, technological equipment, measuring, control and adjustment facilities, means of transport, furniture and office equipment), considering that through their nature and destination do not have an active market, representing technological equipment, machine tools purchased on the basis of projects specific to the company's activity.

- **Buildings and constructions** lei

	Book net value	Fair value	variations
Year 2011	37.848.508,91	33.181.183,00	- 4.667.325,91
Year 2013	29.005.259,62	31.448.397,00	+ 2.443.137,38
Year 2021	10.391.480,05	-	-
Year 2022	10.267.592,74	-	-
30 June 2023	9.863.811,51	-	-

The total net book value of buildings and constructions decreased by the amount of depreciation in 2011 – 2013 by 8.843.249,29 lei, in the period 2013 – 2021 by 18.737.666,88 lei and in the period January – June 2023 by 403.781,23 lei while the fair value in 2013 decreased compared to the fair value in 2011 by 1.732.786,00 lei.

- **Technological equipment, technical installations, machines, furniture and office**
  lei

	Book net value	Fair value	variation
Year 2007	14.960.673,69	19.580.900,00	+ 4.620.226,31
Year 2021	7.337.406,94	-	-
Year 2022	6.436.927,16	-	-
30 June 2023	5.966.452,42	-	-

The total net book value of the technological equipment, technical installations, cars, furniture and office equipment decreased on account of the depreciation between December 31, 2007 - June 30, 2023 by 8.994.221,27 lei.

h. Depreciation

Tangible assets are generally amortized using the straight-line method over the estimated useful lives of the month following commissioning and monthly costs include company. The useful life (in years) used (fiscal) for tangible assets are as follows:

	Service life (years)
Buildings, constructions and special installations	25 - 60
Machinery and equipment	03 - 28
Measuring and Control	05 - 10
Machines	04 - 10
Other tangible assets	03 - 20

Depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognized.
Fixed assets in progress and land are not subject to depreciation. Investments in progress are amortized starting from the moment of commissioning. Asset residual values and useful lives are reviewed and adjusted if necessary at the date of each statement of financial position. If the expectations differ from other previous estimates, the change must be accounted for as a change in accounting estimate in accordance with IAS 8 - Accounting policies, changes in accounting estimates and errors.
The book value of an asset is immediately reduced to the recoverable value if the book value exceeds the estimated recoverable value.

i. Assets purchased in leasing

IFRS 1 does not contain an exception to the retrospective application of IAS 17. Entities will need to analyze leases at the date of transition to IFRS and classify them according to IAS 17. Certain operating leases could be reclassified as finance leases . In this case, the entity will recognize on the date of transition to IFRS the asset received in the lease with the appropriate amortization, the debt evaluated according to IAS 17 and will impute the possible difference to the retained earnings.

According to IAS 17, leasing contracts in which the Company assumes all the risks and benefits associated with the property are classified as financial leasing. Tangible fixed assets acquired through financial leasing contracts are presented at the minimum between the market value and the discounted value of future payments, less the accumulated depreciation and value depreciations. Leasing payments are recorded in accordance with the accounting policy. Fixed assets purchased under financial leasing are depreciated over their lifetime.

As of 30.06.2023, the company does not own assets purchased under leasing

j. Intangible

Intangible assets with determined service life are amortized over the economic life and assessed for depreciation whenever there are indications that intangible assets may be impaired. The amortization period for an intangible asset with a useful life determined is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period, and treated as changes in accounting

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estimates. Amortization expense of intangible assets with useful lives determined is recognized in profit or loss category operational expenses. In accordance with IAS 38, intangible assets are presented in the statement of financial position at cost less any accumulated amortization and any accumulated impairment losses. Depreciation is recognized in profit or loss on a straight-line method basis during the estimated useful lives of the intangible asset. Expenditure related to the acquisition of software licenses is capitalized based on the costs of procurement and commissioning of programs. Costs associated with developing or maintaining computer software programs are recognized as expenses when registering.
Intangible assets according to generally accepted regulations cannot be acquired through exchange of assets, which are treated as special deliveries.
The company uses the following lifetimes for intangible assets:

– Development expenses	5 years
– Licenses for programs	3 years
– Antivirus licenses	1 year

The company applies for the intangible assets held, the linear amortization method.

k. Inventory

According to IAS 2, inventories consist of raw materials and supplies, goods, spare parts, semi-finished products and packaging, and other materials. These are recorded at their entry as inventory at the acquisition price and acquisition are expensed or capitalized, as appropriate, when consumed. The cost of inventories is determined based on the FIFO method. Inventory accounting method is **ongoing inventory method**, quantity and value management being watched (store sheet and Integrated Informatics Storage Program SIVECO Applications - SVAP 2011). The value of production in progress and finished products includes direct cost of materials, labor and indirect costs of production that we have built.
Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, if any, and expenses of sale.
Inventory items are treated as inventory, passing on costs is performed entirely in putting them into use, tracking them extra accounting.
Patrimony assessment at the end of the financial year is influencing stocks, with differences (+ / -).

l. Dividends

According to IAS 10, the Company can pay dividends only from the distribution of the statutory profit, considering the financial statements prepared according to the Romanian accounting principles. Dividends are recognized as debt in the period in which their distribution is approved.

m. Employees Benefits

Under IAS 9, the rights of employees in the short term include salaries and social security contributions. Short-term employee rights are recognized as expenses with services by them in the current activity they perform. The Company makes payments to the Romanian State Social Security benefits to its employees. All employees of the Company are included in the Romanian State pension plan. The payments are recognized in profit or loss together with payroll expenses. The Company has no other legal or implicit obligations to pay future benefits to its employees. On termination of employment, the company has no obligation to repay the contributions made by former employees.

n. Provisions

A provision is recognized when, and only when the following conditions are met: the Company has a present obligation (legal or implicit) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation when a reliable estimate can be made regarding the amount of the obligation. Where the effect of the temporary value of money is material, the amount of a provision is the present value of the expenditures is expected to be required to settle the obligation. Provisions are measured at the present value of cash flows using a discount rate that reflects current market situation and the risks specific to the liability.
Provisions are reviewed at each reporting date and adjusted annual financial statements to reflect the current best estimate of the Company's management in this regard. Where to settle an obligation is no longer probable that an outflow of resources, provision is cancelled by resuming revenue.
No provisions are recognized for costs that are incurred for the activity in the future.

o. Income

Revenues are assessed according to IFRS 15 - "*Revenues from contracts with customers*". Revenues include the fair value of the amount received or to be received following the sale of goods and services in the normal course of the company's activity. Revenues are presented net of value added tax, rebates and discounts.
The company recognizes revenues when their value can be reliably assessed, when it is likely to produce future economic benefits for the entity, and when specific criteria have been met for each of the company's activities. The company bases its estimates on historical results, taking into account the type of client, the type of transaction and the specific elements of each contract / order.
IFRS 15 establishes a five-step model to record revenue from contracts with customers:
- Step 1: Identifying the contract with a client
- Step 2: Identification of payment obligations from the contract
- Step 3: Determination of the transaction price
- Step 4: Allocation of the transaction price for the performance obligations in the contract
- Step 5: Recognition of income as the company fulfils a performance obligation.

In accordance with IFRS 15, revenue is recognized in the amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to a customer.
Revenues from contracts with clients must describe the transfer of goods and services to the client, and their valuation must reflect the consideration to which the entity is expected to be entitled in exchange for these goods and services.
Revenue recognition is done through the following five stages:

1. Identification of the contract with a customer

The requirements of IFRS 15 apply to contracts with customers who meet certain conditions. A contract is defined by the Standard as an agreement between two or more parties that gives rise to enforceable rights and obligations. An entity records a contract with a customer only if the following conditions are met:

a) the parties have approved the contract and agree to honor their obligations,
b) the entity can identify the rights of each party regarding the goods and services transferred,

c) the entity can identify the payment terms regarding the goods and services transferred,

d) the contract has a commercial substance (that is, it modifies the risk, the moment of occurrence and the amount of the entity's future treasury flows),

e) it is likely that the entity will collect the consideration to which it is entitled in exchange for the goods and services transferred to the client.

The consideration received by the entity from a client can be recognized as income only if one of the following events occurs:

a) the entity no longer has outstanding obligations to transfer goods or services to the client and all or most of the consideration promised by the client has been received and is not returnable

b) the contract has been executed and the consideration received from the client is not returnable.

Any consideration received from a client is recognized as a debt until the above conditions are met. The modification of the contract is treated as a separate contract (only if it gives rise to an additional obligation, and its price reflects its price at the time of modification) or as an adjustment of the initial contract, accounted for according to the cumulative income adjustment method or the prospective income adjustment method, depending of circumstances.

2. Identification of payment obligations from the contract / order A contract / order includes obligations to transfer goods or services to a customer. An obligation to transfer a good or service is severable if it cumulatively meets the following conditions:

a) the client can benefit from the good or service transferred separately or in combination with other resources at his disposal and

b) the entity's promise to transfer the good or service to the client is identifiable separately from other promises stipulated in the contract / order.

In the case of contracts with clients in which the sale of goods (mainly sub-assemblies, assemblies, petroleum machinery and installations, cast and molded parts, spare parts for petroleum machinery) is generally estimated to be the only performance obligation, it is estimated that the adoption of IFRS 15 will not have any impact on the Company's income and profit or loss.

The company expects the revenue recognition to take place at a point in time, when control of the asset is transferred to the customer, namely upon delivery of the goods.

Some contracts / orders assume commercial price reductions or the right of return for quality defects. Currently, the revenues obtained from these sales are recognized based on the price specified in the contract, net of returns and decreases in revenues and commercial discounts recorded on the basis of accrual accounting when a reasonable estimate of the revenue adjustment can be made.

However, because the contractual periods for most of the contracts coincide with the calendar years for which the annual financial statements are drawn up and due to the fact that the Company currently reports the annual revenues from contracts / orders with clients net of adjustments, such as financial discounts, the impact on the result carried over from the treatment of variable income as a result of the adoption of IFRS 15 is not material. At the same time, the cases of complaints regarding the quality (rights of return) are isolated, so the Company cannot make a reasonable estimate of such reversal of revenues at the reporting date.

The company has the capacity of principal in all sales contractual relationships, because it is the main provider in all revenue contracts, has the right to negotiate the price and is exposed to risks related to stocks and credit risk.

In accordance with IFRS 15, the evaluation will be based on the criterion according to which the Company controls the specific goods before transferring them to the end customer, rather than whether they have exposure to significant risks and rewards associated with the sale of goods.

3. Determination of the transaction price

The entity must determine the amount of consideration to which it expects to be entitled in exchange for the goods and services promised in the contract in order to recognize the income. The price may be a fixed amount or may vary due to discounts or other similar elements. The transaction price is adjusted for the effect of the time value of money if the respective contract contains a currency quote component.
The company provides various services such as sandblasting parts, chroming or heat treatment of various landmarks as occasional activities. Income is assessed at the fair value of the consideration received or to be received. In accordance with IFRS 15, the total consideration from service contracts will be allocated to all services based on their individually negotiated selling prices.

4. Allocation of the transaction price for the execution obligations from the contract / order

If a contract / order contains several separate obligations, the entity allocates the transaction price to each obligation in proportion to its individual price. Sales of goods are recognized when the Company delivers products to customers. Delivery is considered to take place when the products have been shipped to the specified location, the risks of wear and tear have been transferred and the customer has accepted the products in accordance with the sales contract / order.

5. Recognition of income as the company fulfils a performance obligation

The entity must determine for each performance obligation identified at the beginning of the contract / order if it will be fulfilled in time or if it will be fulfilled at a specific time.

Execution obligations fulfilled in time
Uztel SA transfers control over a good or service in time and, therefore, fulfills a performance obligation and recognizes income in time if one of the following criteria is met:

a) the client simultaneously receives and consumes the benefits offered by the execution by the entity as the entity executes,
b) execution by the entity creates or improves an asset (for example, production in progress) that the client controls as the asset is created or improved.

Performance obligations fulfilled at a specific time
If Uztel SA fulfils the performance obligation at a specific time (such as the supply of goods with a clause of assembly, testing or commissioning at a given time), to determine the specific time when the customer obtains control over a promised asset and Uztel fulfills an execution obligation, both the provisions regarding the transfer of control and the indicators of the transfer of control are analysed, in particular the acceptance of the asset by the client which can be certified by signing the commissioning report or explicit acceptance of payment.
In the case of agreements with invoicing before delivery, in addition to the conditions mentioned above, for a customer to obtain control over a product in an agreement with invoicing before delivery, all the following criteria must be met:

- the reason for the agreement with invoicing before delivery must be substantial (there must be a written request from the customer)
- the product must be ready for the physical transfer to the customer in the current mode
- the entity that delivers the product cannot have the ability to use the product or assign it to another customer.

If there is an acceptance clause in the contract / order concluded with a customer, then the moment when a customer obtains control over a good or service is evaluated according to this clause.

Evaluation of the progress of fulfilling an obligation of execution in full
For each performance obligation fulfilled in time, the Company recognizes the revenues over time by evaluating the progress of the full fulfilment of that performance obligation. The purpose of the progress evaluation is to present the performance of the transfer of control over the goods or services promised to a customer (ie the fulfilment of the performance obligation by the supplier).
The recognition and valuation requirements of IFRS 15 are also applicable for the recognition and valuation of any gains or losses resulting from the disposal of non-financial assets (such as fixed assets and intangible assets), when this disposal is not in the normal course of business. However, upon transaction, the effect of these changes is not expected to be significant for the Company.
Financial income includes income from interests and dividends. Interest income is recognized as it accumulates in the profit and loss account, using the effective interest method. Income from dividends is recognized in the profit and loss account on the date on which the Company's right to receive the amount paid is established.
Financial expenses include interest expenses related to bank loans and losses from the depreciation of financial assets. The interest on the borrowed capital, as well as the commissions related to these contracted loans are capitalized in the production costs, and those that are not directly attributable to the acquisition, construction or production are recognized in the profit and loss account using the effective interest method.
Losses and gains from exchange rate differences are recorded at the net value, according to IAS 21.

p. Leasing

The objective of IFRS 16 - "*Leasing contracts*" is to report information that:

a) faithfully represents leasing transactions;
b) provides a basis for users of financial statements to evaluate the value, timing and uncertainty of cash flows arising from leasing contracts.

To fulfil this objective, the lessor must recognize the assets and liabilities arising from a lease.
Leasing contracts in which a significant part of the risks and benefits associated with the property are assumed by the lessor are classified as operational leasing. Payments related to operational leasing contracts (net of discounts granted by the lessor) are recorded in the profit and loss account according to a straight-line method over the course of the leasing period.
Leasing contracts for tangible assets in which the company assumes all the risks and benefits related to the property are classified as financial leasing contracts. Financial leases are capitalized at the beginning of the lease at the lower of the fair value of the leased property and the discounted value of the minimum lease payments.

Each payment is divided between the capital element and the interest to obtain a constant interest rate during the repayment period. Obligations related to rent, net of financing costs, are included in other long-term / short-term debts, the division being made after maturity (over 1 year / under 1 year). The interest element related to financing costs is entered in the profit and loss account for the duration of the contract, so as to obtain a constant periodic interest rate on the remaining balance of the obligation for each period. Tangible fixed assets purchased through financial leasing are depreciated over the useful life of the asset. As of 06/30/2023, the Company does not own assets related to the rights to use the leased assets.

r. Income tax

Income tax is recorded in the income statement except where it relates to items of equity, in which case income tax is recorded in the equity section. Current tax is the expected tax payment that relates to taxable profit of the year, using tax rates set by law at the reporting date, adjusted for corrections of previous years.
Deferred income tax is calculated based on temporary differences. These assets and liabilities are determined as the difference between the carrying amount (VC) and the amount attributed for tax purposes (tax base BF).

Dividend tax is recorded at the same time when debts are recognized on dividend on dividend payment.
Income tax rate used to calculate the current and deferred income tax at June 30, 2023 was 16% .

The company has recognized the deferred tax debt, and it will be recovered to the extent that it is likely that the future taxable profit will allow the deferred tax debt to be recovered**.**

Amendments to IAS 12- Profit tax clarifies the accounting method for deferred tax related to receivables valued at fair value.

s. Earnings per share.

In accordance with IAS 33, earnings per share are calculated by dividing profit or loss attributable to owners of the weighted average number of shares subscribed.
The weighted-average shares outstanding during the year represents the number of shares at the beginning of the period, adjusted number of shares issued multiplied by the number of months in which the shares were outstanding during exercise.
Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or alternatives are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.
Result of diluted earnings per share is consistent with that of basic earnings per share namely, to assess the interest of each ordinary share in the performance of an entity.

t. Implications of the new International Financial Reporting Standards (IFRS)

New standards and amendments to existing standards issued by the IASB, but which have not yet been adopted by the E.U.

Currently, IFRS as adopted by the European Union does not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards, amendments to existing standards and new interpretations, which have not been approved for use. in the EU the date of publication of the financial statements (the entry into force mentioned below are for the IFRS standards issued by the IASB):

- *IFRS 14 Deferred accounts related to the regulated activities* - the standard enters into force for annual periods starting on or after January 1, 2016. The European Commission has decided not to issue the approval process for this interim standard and to wait for the final standard to be issued,
- *IFRS 16 Leasing Contracts - adopted by the EU on October 31, 2017* (applicable for annual periods beginning on or after January 1, 2019). According to IFRS 16, the lessee recognizes a right of use and a lease liability. The right of use is treated similarly to other non-financial assets and depreciated accordingly. The leasing debt is initially assessed at the value of the lease payments due according to the terms of the leasing contract, reduced to the default rate in the contract, if this can be easily determined. If that interest cannot be determined, the lessee will use his interest on the loan. As in the case of the predecessor of IFRS 16, IAS 17, the parties classify leasing contracts as operational or financial. A leasing contract is classified as a financial lease if it transfers all the risks and rewards related to the right of ownership. Otherwise, a leasing contract is classified as an operating lease. For financial leasing contracts, the lessor recognizes revenue over the term of the contract based on a model that reflects a constant periodic rate of return on the net investment. A lessor recognizes the payments related to the operating lease as straight-line income or, if considered more representative, depending on how the benefits from the use of the asset diminish. The IFRS 16 standard is valid for annual periods beginning on or after January 1, 2019. IFRS 16 replaces the existing instructions on leases, including IAS 17 Leasing, IFRIC 4.

Determining the extent to which a commitment contains a leasing contract, SIC-15 Operational leasing - Incentives and SIC-27 Evaluation of the economic basis of transactions involving the legal form of a contract of leasing. Early adoption of the standard is permitted for entities that apply IFRS 15 on or before the initial application of IFRS 16. The standard eliminates the current dual accounting model for lessees and requires companies to bring most leasing contracts on the balance sheet in a single model, eliminating the distinction between operational and financial leasing contracts. According to IFRS 16, a contract is or contains a leasing contract if it confers the right to control the use of an identified asset for a period of time in exchange for compensation. For such contracts, the new model requires the lessee to recognize a right to use the asset and a leasing right. The assets with the right of use are amortized, and the debt generates interest. This will result in higher expenses at the beginning of the leasing contract, even if the lessee pays constant rents. The lessee's accounting remains largely unaffected by the introduction of the new standard, and the distinction between operational and financial leasing contracts will be maintained.

The company has no ongoing leasing contracts and there are no implications from the application of this standard.

- *IFRS 17 Insurance contracts* - applicable for annual periods beginning on or after January 1, 2021,
- *Amendments to IFRS 3 Business combinations* - *Definition of an enterprise* - applicable to business combinations whose acquisition date starts with or after the first annual reporting period starting with or after January 1, 2020 and of asset purchases taking place with or after that period,
- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures* - Sale of or contribution with assets between an

investor and its associates or its joint ventures and subsequent amendments (effective date has been deferred on the indefinite period, until the research project regarding the method of equivalence will be completed) ,

- *Amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors* - Definition of materiality - applicable for annual periods starting on or after January 1, 2020,
- *Amendments to IAS 19 Employee benefits* - Modification, reduction or settlement of the plan - applicable for annual periods beginning with or after January 1, 2019Amendments must use the updated assumptions from this revaluation to determine the cost of current services and net interest for the remainder of the reporting period after the plan amendment.
- *Amendments to IAS 28 Investments in associates and joint ventures* - Long-term interests in associates and joint ventures - applicable for annual periods starting on or after January 1, 2019 - Long-term interests in joint ventures and joint ventures - The amendments have were introduced to clarify the fact that an entity applies IFRS 9 including its requirements for depreciation, term interest in an association or joint venture, but to which the equity method is not applied. The amendments also remove point 41, as the Board considered that it reiterated the requirements of IFRS 9 and created confusion regarding the accounting of long-term interest.
- *Amendments to IFRS 9 Financial instruments* – Changes to the basis for establishing contractual cash flows as a result of the reform of the interest rate reference index – adopted by the EU on January 13, 2021 – applicable for annual periods starting on or after January 1, 2021
- *Amendments to various standards due to IFRS Improvements (2015-2017* cycle) resulting from the annual IFRS improvement project (IFRS 3, IFRS 11, IAS 12 and IAS 23) with the main purpose of eliminating inconsistencies and clarifying certain forms - applicable for annual periods starting on or after January 1, 2019. The amendments clarify that: an enterprise reevaluates its previously held interest in a joint operation when it obtains control of the activity (IFRS 3); a company does not reassess its previously held interest in a joint operation when it obtains joint control over the enterprise (IFRS 11); a company accounts for all the profit tax consequences of dividends in the same way (IAS 12); and an enterprise treats, within general loans, any initial loan made to develop an asset when the asset is ready for its intended use or sale (IAS 23).
- *Amendments to IAS 39 Financial instruments*: Recognition and evaluation - adopted by the EU on January 13, 2021 - applicable for annual periods starting on or after January 1, 2021.
- *Amendments to IFRS 7 Financial instruments*: additional information to be provided regarding the reform of the reference index of the interest rate - adopted by the EU on January 13, 2021. An entity must apply these amendments to IFRS 9, IAS 39, IFRS 4 or IFRS 16.
- *Amendments to IFRS 4 Insurance contracts* - adopted by the EU on January 13, 2021 - applicable for annual periods starting on or after January 1, 2021.

– *Amendments to IFRS 16 Leases* - applicable for annual periods starting on or after January 1, 2021.
– *IFRIC 23 Uncertainty regarding the treatments applied for profit tax* - adopted by the EU on October 23, 2018 (applicable for annual periods starting on or after January 1, 2019). It may be unclear how the tax law applies to a certain transaction or circumstance or whether a tax authority will accept a tax treatment of the company. IAS 12 Profit tax specifies the way of accounting for current tax and deferred tax, but not the way to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements of IAS 12 specifying the way to reflect the effects of uncertainty in accounting for income taxes.

The adoption of these new standards, amendments and interpretations of the existing standards did not lead to significant changes in the financial statements of the Company.

Reconciliation between IFRS and accounting policies related to previous financial years

On 31.12.2012, Uztel SA carried out the reconciliation between IFRS and the local accounting policies applicable to the previous financial years.

The financial statements for 2012 represent the first financial statements that the company has prepared according to IFRS, adopted by the EU, as stipulated by OMFP 1286/2012.

For the year ended 31.12.2010 and 31.12.2011, the company prepared individual financial statements according to OMFP 3055/2009.

The company prepared financial statements in accordance with IFRS, adopted by the EU, applicable for the financial years ended on 31.12.2012, as well as the comparative data at the end of 2011, respectively 31.12.2011. For the preparation of these financial statements was prepared the situation of opening the financial position on January 1, 2011, the date of transition.

There was no reconciliation of the global result according to IFRS 1 with the global result determined by OMFP 3055/2009, as no differences were identified between the global result determined according to the local accounting principles applied for the previous accounting periods and the global result determined according to IFRS.

u. *Determining the fair value*

Certain of the Company's accounting policies and presentation of information requirements, ask for the determination of fair value for both assets and financial and non-financial liabilities. Fair values were determined in order to evaluate and / or presenting information on the basis of the methods described below. When applicable, further information about the assumptions used in determining fair values are presented in the notes specific to that asset or liability.

1 *Trade receivables and other resources*

The fair value of trade receivables and other resources is estimated as the present value of future cash flows, discounted using a financing rate specific to market at the financial reporting date. This value is determined for information.

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2 Interest bearing loans

The fair value of these elements is estimated as the present value of the future cash flows, mainly representing interest, discounted using a specific market financing rate at the date of financial reporting. This value is determined for information purposes.

3 Tangible assets

The fair value of these elements was established following the reassessment carried out by one independent evaluator, member ANEVAR, using the comparison method for land and the capitalization method for buildings and constructions.

The determination of the fair value of the assets in the "Constructions" class was performed on 31.12.2013 by an ANEVAR authorized evaluator, using the net replacement cost method, the method being chosen due to the lack of valid information regarding the actual transactions concluded in the last 12 months for industrial objectives in the respective area. This represents the statistical value of the prices per sqm built on the market at national level, value adjusted after applying the corresponding corrections and depreciations.

The establishment of the fair value of the fixed assets of nature "Technological equipment, measuring, control, adjustment, means of transport, furniture and office equipment" was performed by an authorized evaluator ANEVAR on 31.12.2007, using the cost method of net replacement. In the market there is not enough information about sales of similar assets, but there is market information regarding costs and accumulated depreciation. Thus, the recorded value is the highest value between its use value and its fair value minus the selling costs.

IFRS 13 establishes a fair value hierarchy whereby the input data used in fair value assessment techniques is classified on three levels.

Fair values have been determined for the purpose of evaluating and presenting information based on the described methods. When appropriate, additional information regarding the assumptions used in determining the fair value is presented in the notes specific to the respective asset or debt.

The company considers that the level at which the valuations regarding the tangible assets at the fair value in the fair value hierarchy are classified are level 2, taking into account the following aspects:

- the condition, location and endowments of the asset;
- estimating the physical, functional and external depreciation of the asset and adjusting the gross replacement cost in order to obtain the net replacement cost.

Comparative situations

For each item on the balance sheet, profit and loss account and where appropriate, for the situation of changes in equity and the cash flow statement, for the comparability the value of the corresponding item for the preceding financial period is presented.

Correction of accounting errors IAS 8

If the company notices errors made in accordance with the generally accepted accounting principles, the reconciliations made must highlight the correction of those errors by the accounting policies. When registering operations related to the correction of accounting errors, the provisions of IAS 8 apply.

The accounting policies have been consistently applied by the company in accordance with IAS 1.134-135.

According to IAS 8 "*Accounting policies, changes in accounting estimates and errors*", accounting policies represent the specific principles, rules, conventions, bases and practices applied by this company when preparing and presenting the financial statements. It provides that the voluntary change of an accounting policy is to be made only if such change is required by a Standard or an interpretation and results in financial statements that provide more reliable and relevant information about the effects of transactions, other events or conditions regarding the financial position.
The company did not apply in the first half of 2023 (January - June) the provisions of IAS 8.28 regarding changes in accounting policies.

4. RISK MANAGEMENT

By the nature of the activities carried out, the Company is exposed to various risks that include credit risk, interest rate risk, liquidity risk, currency risk, market risk. The management aims to reduce the effects of potential effects of these risk factors on the financial performance of the Company by maintaining an adequate level of capital and outcomes.

For a good risk management and the desire to establish new ways of managing its level proceed continuously updating and improving procedures and rules specific to each department, to the extent that at a time, it is considered that based on existing rules at the time, Company is exposed through the activities performed by that department.

Authorized persons of the Company permanently monitor the effectiveness of policies and procedures for risk assessment, the extent to which the Company and relevant persons complying with the procedures, methods and mechanisms for risk management, and the effectiveness and adequacy of measures taken to address any deficiencies. Risk indicators are checked constantly to ensure their framing limits. Also check the daily management of the company the production and marketing of the company.

Credit risk

Company is subject to credit risk due to its trade receivables and other types of claims.

	Accounting reporting at 30 June 2023 (lei)	**Accounting reporting 30 June 2022** (lei)
Receivables	9.650.442	11.411.595

For other operations, where the amounts are significant, references to the creditworthiness references are normally obtained for all new customers, debt maturity date is carefully monitored and amounts due after exceeding the time limit shall be pursued promptly.
The following balance sheet elements were identified under credit risk and were within the following exposure classes:

- claims on local government: budgetary claims;
- claims on institutions and financial institutions: bank loans;
- claim against the company: Payment in advance companies;
- other items: tangible assets

The value at risk of an asset is the value of its balance sheet and is identified based on documents provided by the Accounting Department.

- **Trade receivables and other receivables**

On June 30,2023 the company's trade receivables situation is as follows:

Receivables at 30.06.2023			**lei**
RECEIVABLES	Balance at 30.06.2023	Maturity	
		less 1 year	Over 1 year
0	1 = 2 + 3	2	3
Total, of which:	**9.646.619**	**9.497.107**	**149.512**
Domestic Client	**5.003.932**	5.003.932	0
External Client	**3.215.897**	3.215.897	0
Doubtful client, litigation	**610.977**	0	610.977
Other debts (Guarantees of good execution, OMV Bucharest)	**0**	0	0
Exigible VAT	**0**	0	0
Salary advance	**0**	0	0
Supplier debtors	**378.849**	378.849	0
Debtors	**465.923**	465.923	0
Other social debts- sick leaves	**140.858**	140.858	0
Other receivables (VAT not due, accrued expenses and settlement systems in operation during clarification)	**291.648**	291.648	0
Adjustments for impairment of client receivables	**469.022**	0	469.022
Receivables on current income tax	**7.557**	0	7.557

Claims are recorded at face value and are evidenced on each natural or legal person. The receivables in foreign currency were evaluated on the basis of the exchange rate valid at the end of the financial year, and the differences in the exchange rate were recognized as income or expenses of the period.

Analysis by seniority of trade and other receivables at the end of the period, which are not impaired IFRS 7.37 (a)

Trade receivables and other receivables	Balance at	from which overdue		
	30.06.2023	31-90 days	91-120 days	> 120 days
1. Internal clients	5.003.931,97	1.119.642,85	165.403,53	2.573.984,11
2. External clients	3.215.896,95	-	-	2.185.938,20
3.Internal doubtful clients	611.977,26	-	-	611.977,26
4. Adjustment for depreciation	(469.022,00)	-	-	-
5.Debtor Suppliers	378.849	-	-	378.849
Net receivables	**7.983.935,18**	**1.119.642,85**	**165.403,53**	**5.750.748,57**

In accordance with the provisions of IFRS 7.37 (b), the company presents an individual analysis of the commercial receivables found to be impaired at the end of the reporting period (30.06.2022), including the factors that determined their impairment, as follows:

– Debt clients who have entered the bankruptcy procedure or in the reorganization procedure according to Law no. 85/2014, which has major financial difficulties related to non-payment of receivables, namely:

- ARPEGA TRADING SRL BLEJOI for the pending debt of 444.504,74 lei (including contract penalties) the legal recovery procedure was started.
- ARMAX GAZ Medias - debt registered at the debtor's credit card amounting to 12.126,11 lei;
- BAT SERVICE SA BUZAU debt registered at the debtor's credit card amounting to 5.138,37 lei;
- CONDMAG SA BRASOVdebit inscris la masa credala a debitoarei in valoare de 564,20 lei;
- FEPA SA BARLAD debt registered at the debtor's credit card amounting to 14.395,50 lei;
- GRUP ROMET SA BUZAU debt registered at the debtor's credit card amounting to 909,87 lei;
- HIDRAULIC SA MOINESTI debt registered at the debtor's credit card amounting to 17.603,42 lei (including contract penalties);
- MARIAN TRANS CONSTRUCT SRL CHIOJDU debt registered at the debtor's credit card amounting to 446,40 lei;
- METAL PROIECT PROSPER debt registered at the debtor's credit card amounting to 20.871,00 lei;
- UBEMAR SA PLOIESTI debt in execution by judicial executor in the amount of 25.112,69 lei;
- VIPREC COM SRL BAIA MARE debt registered at the debtor's credit card amounting to 20.360,80 lei.

Trade debts and other debts

As of June 30, 2023, the company's debts are as follows:

Situation of liabilities on 30.06.2023				lei
LIABILITIES	Balance at 30.06.2023	maturity		
		Less 1 year	1-5 years	Over 5 years
0	1 = 2 + 3 + 4	2	3	4
Total, of which:	**45.337.299**	**6.612.149**	**38.725.150**	**0**
Amounts owed to credit institutions	**7.461.622**	0	7.461.622	0
Advances collected on account of orders	**2.354.716**	2.354.716	0	0
Trade debts - suppliers	**16.721.575**	1.219.090	15.502.485	0
Profit Tax	**0**	0	0	0
Other liabilities, including tax liabilities and social security liabilities	**17.669.101**	2.940.004	14.729.097	0
Provisions and income recorded in advance	**1.130.285**	98.339	1.031.946	0

The sum of 17.669.101 lei registered in the account "Other debts, including fiscal debts and debts regarding social insurances" refers to:

- the amounts from account 462 (various creditors) = 529.113 lei;
- account 457 dividends = 1.007.874 lei ;
- budget debts = 14.278.307 lei;
- salary debts = 1.853.807 lei;

Trade receivables and other receivables	balance at	from which overdue		
	30.06.2023	31-90 zile	91-120 zile	> 120 zile
1. Internal clients	14.883.906,00	294.951,00	-	13.665.668,00
2. External clients	1.837.669,00	-	-	1.837.669,00
3. Debtor customers	2.354.716,00	-	-	2.354.716,00
Net receivables	**19.076.291,00**	**294.951,00**	**0.00**	**17.858.053,00**

Guaranteeing bank loans:

Bank loans granted through contracts no. 7793/4 and 7793/5 dated 23.01.2019 are guaranteed by real estate mortgages. The most recent evaluation for banking purposes was carried out in April 2023 by the company Terraval Valuation and Property Management SRL, evaluator autorizat, membru acreditat ANEVAR, authorized appraiser, accredited member of ANEVAR, the market value of the mortgaged properties being 31.337.661 lei.
For these mortgaged buildings, the insurance policy CCPJ no. 23062234736 of 19.06.2023, valid from 23.06.2023 until 22.06.2024 (for the insured amount of 23.445.571 lei).
In June 2019, the real estate guarantees were supplemented through the Real Estate Mortgage Contracts authenticated with the agreements no. 2431 and no. 2433 of 27.06.2019, with the following lands / access roads:

- land located in the municipality of Ploiesti, str. Mihai Bravu, no. 243, Prahova county, with an area of 10.451 square meters, having cadastral number 125199, registered in the Land Register no. 125199;
- land located in the municipality of Ploiesti, str. Mihai Bravu, no. 243, Prahova county, with an area of 8.131 square meters, having cadastral number 125189, registered in the Land Registry no. 125189.

This addition to the guarantees granted to the bank stemmed from the increase in the working capital limit granted to the company by Additional Act no. 1 / 27.06.2019 to contract no. 7993/5 of 23.01.2019.

Interest rate risk

The Company's operating cash flows are affected by interest rate variations. The company does not use financial instruments to protect itself against interest rate fluctuations (ROBOR).

	Accounting reporting at 30 June 2023 (lei)	**Accounting reporting at 30 June 2022** (lei)
Interest paid	372.889	367.192

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank deposits in lei and hard currency.

	Accounting reporting at 30 June 2023 (lei)	**Accounting reporting at 30 June 2022** (lei)
Cash and availability on demand	295.954	128.661

Currency risk

Company is subject to exchange rate fluctuations due to foreign currency transactions.

	Accounting reporting at 30 June 2023 (lei)	Accounting reporting at 30 June 2022 (lei)
Net result of exchange rate differences	45.747	(69.015)

Market risk

Any market study that would be conducted by the company at this time, it cannot provide accurate information about the stock sale of manufactured products.

The demand for products made by UZTEL SA Ploiesti is currently more elastic than stable, as consumer preferences and orientations (internal and external customers), the dramatic reduction of the oil price and investment budgets of the big oil companies and the size of the competitors' offer are unpredictable. As a result, the company is currently facing instability (decrease) in the demand for oil equipment, sales and oil barrel prices, which generated a reduction in turnover and, implicitly, of the volume of sales on the domestic and international market and consequently a decrease of the cash flows generated by the operating activity.

5. EQUITY

Share capital

The share capital of SC UZTEL S.A. at June 30, 2023, worth 13.413.648 lei, divided in 5.365.459 shares with a nominal value of 2,50 lei.

According to existing records in SC Central Depository S.A. and letter no. 21539 of 03.08.2023, the situation of shareholders on 30.06.2023 is:

Shareholder	Nmb. of shares	share %
UZTEL Association	4.498.300	83,8381
Natural persons	447.203	8,3349
Legal entities	419.956	7,8270
TOTAL	**5.365.459**	**100**

All shares are common, were subscribed and paid in full on June 30, 2023

All shares have equal voting rights and a nominal value of 2,50 lei.

Legal reserves

Legal reserves are established under statutory financial statements and may not be distributed. The company transfers to the legal reserve at least 5% of annual profit until the aggregate balance sheet reaches 20% of the share capital.

At June 30, 2023 the Company establishes legal reserve amounting to 2.001.592 lei.

	Accounting reporting at 30 June 2023 (lei)	Accounting reporting at 30 June 2022 (lei)
Legal reserves	2.001.592	2.001.592

On June 30 2023, the Company did not establish the legal reserve..

Other reserves

	Accounting reporting at 30 June 2023 (lei)	Accounting reporting at 30 June 2022 (lei)
Other reserves	631.133	631.133

According to IAS 1.79 (b) the company has registered in the individual situation of the modifications of the own capitals to the chapter "**Other reserves**" the amount of 631.133 lei representing fiscal facility to the profit tax according to the legal provisions in force on the date of establishment (31.05.2004) - Law 416 / June 26, 2002.

Revaluation reserve

The revaluation reserve is the amount of 29.255.863 lei on 30 June 2023 and includes revaluation reserves obtained after revaluation carried out by independent evaluators upon:

- construction – revaluation on December 31, 2007 May 31, 2011 and December 31, 2013;
- technological equipment, technical installations, machinery, furniture and office equipment – on 31.12.2007.

	Accounting reporting at 30 June 2023 (lei)	Accounting reporting at 30 June 2022 (lei)
Reserves from revaluation	29.255.863	30.584.109

The revaluation reserve decreased during the period January - June 2023 worth 481.319 lei by:

- capitalization of the revaluation surplus for scrapped and sold fixed assets (revaluation reserve value of 76.784 lei);
- capitalization from revaluation resulting from the revaluation of the land carried out according to HG 403/2000 related to the area of land sold during January -June 2023 in the amount of 404.535 lei;

6. RESULT FOR THE PERIOD

At the end of period of January- June 2023 recorded the following results:

- **The result from the operational activity (operation)** registered a decrease on 30.06.2023 compared to 30.06.2022, ie in nominal values from (3.360.779) lei on 30.06.2022 to (4.265.023) lei at 30.06.2023.

- **The financial result** recorded an increase on 30.06.2023 compared to 30.06.2022, i.e. in nominal values from (435.133) lei at 30.06.2022 to (318.577) lei at 30.06.2023.

- **The gross / net result** of the period registered an improvement on 30.06.2023 compared to 30.06.2022, i.e. in nominal values from (3.795.912) lei at 30.06.2022 to (4.583.600) lei at 30.06.2023.

The turnover recorded in the first semester of 2023 a percentage decrease of 28,36 % compared to the same period of the previous year (first semester of 20221), namely from

21.720.844 lei at 30.06.2022 to 15.561.568 lei at 30.06.2023.

In the first semester of 2023, operating expenses registered a percentage increase of 24,83 % compared to the same period of the previous year (first semester of 2022), namely from 26.368.726 lei at 30.06.2022 to 19.821.729 lei at 30.06.2023.

	Accounting reporting 30 June 2023 (lei)	Accounting reporting at 30 June 2022 (lei)
Net profit/loss	(4.583.600)	(3.795.912)

Dividends

Between January 1 and June 30, 2023, the Company made payments amounting to 148,93 lei and prescribed on 31.03.2023 dividends in the total amount of 561.453,45 lei representing unclaimed/unclaimed net dividends for the years 2003, 2005, 2006, 2007 and 2008.

7. PROFIT TAX

	Accounting reporting at 30.06.2023 (lei)	**Accounting reporting at 30.06.2022 (lei)**
Gross book value	(4.583.600)	(3.795.912)
Non-taxable Income	6.274,72	2.489,72
Items assimilated to revenue	481.319,27	329.143,44
Non-deductible expenses	594.295,35	720.203,71
Established legal reserve	-	-
Tax Profit / (Fiscal Loss)	(3.514.260,10)	(2.749.054,57)
Fiscal loss from previous years recorded in statement 101	(23.309.800,00)	(16.975.666,92)
Registered Fiscal Loss	(26.824.060,10)	(19.724.721,49)
Profit tax on result	-	-
Profit tax due	-	-
Net profit / (Net loss)	(4.583.600)	(3.795.912)

The taxation system in Romania is in a phase of consolidation and harmonization with EU legislation. However, there are still different interpretations of tax law.

In some cases, the tax authorities may have different approaches to certain issues, proceeding to the calculation of additional taxes, interest and late payment penalties under the tax regulations in force.

In Romania, tax periods remain open for tax for 7 years. The Company's management believes that tax liabilities included in these financial statements are appropriate.

8. PROVISIONS

The statement of provisions made by the company is presented below:

	Accounting 30 June 2023 (lei)	Accounting 30 June 2022 (lei)
Provisions for disputes	208.152	217.817
Total Provisions	**208.152**	**217.817**

9. FIXED ASSETS

– **Tangible assets**

	land	Buildings and constructions	Machines and equipment	Other tangible assets	Tangible assets in progress	Advances for intangible assets	Total
Cost	**Lei**	**Lei**	**Lei**	**Lei**	**Lei**	**Lei**	**Lei**
Balance at 01 January 2022	16.342.931	30.995.658	37.240.338	166.042	2.520.113	20.363	87.285.445
Increases	-	-	-	-	-	-	-
Outputs	125.600	-	34.100	-	-	-	159.700
Balance at 30 June 2022	16.217.331	30.995.658	37.206.238	166.042	2.520.113	20.363	87.125.745
Cumulative depreciation							
Balance at 01 January 2022	-	20.601.179	29.945.780	123.193	-	-	50.670.152
Depreciation of period	-	473.971	441.134	3.589	-	-	918.694
Outputs depreciation	-	-	-	-	-	-	-
Balance at 30 June 2022	-	21.075.150	30.386.914	126.782	-	-	51.588.846
Adjustments							
Balance at 01 January 2022	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance at 30 June 2022	-	-	-	-	-	-	-
Net book value							
Balance at 01 January 2022	16.342.931	10.394.479	7.294.558	42.849	2.520.113	20.363	36.615.293
Balance at 30 June 2022	16.217.331	9.920.508	6.819.324	39.260	2.520.113	20.363	35.536.899

	lands	Buildings and constructions	Machines and equipments	Other tangible assets	Tangible assets in progress	Advances for intangible assets	Total
Cost	**Lei**	**Lei**	**Lei**	**Lei**	**Lei**	**Lei**	**Lei**
Balance at 01 January 2023	16.217.330	30.954.447	36.809.890	166.042	2.520.113	20.363	86.688.185
Increases	0	0		0	0	0	0
Outputs	423.049	2.600	762.419	0	0	0	1.188.068
Balance at 30 June 2023	15.794.281	30.951.847	36.047.471	166.042	2.520.113	20.363	85.500.117
Accrued depreciation							
Balance at 01 January 2023	0	20.686.854	30.408.634	130.371	0	0	51.225.859
Depreciation of year	0	403.781	406.186	3.589	0	0	813.556

Outputs depreciation	0	2.600	701.719	0	0	0	704.319
Balance at 30 June 2023	0	21.088.035	30.113.101	133.960	0	0	51.335.096
Adjustments							
Balance at 01 January 2023	0	0	0	0	0	0	0
Increases	0	0	0	0	0	0	0
Decreases	0	0	0	0	0	0	0
Balance at 30 June 2023	0	0	0	0	0	0	0
Net book value							
Balance at 01 January 2023	16.217.330	1.,267.592	6.401.256	35.671	2.520.113	20.363	35.462.325
Balance at 30 June 2023	15.794.281	9.863.812	5.934.370	32.082	2.520.113	20.363	34.165.021

In the period January 1 - June 30, 2023, the total value of the reductions recorded in the accounting records for "Lands" was 423.049 lei, representing the removal from the records through the sale of 4.687 square meters of land in March 2023.
In the period January 1 - June 30, 2023, the total value of the decreases recorded in the accounting records for the "Machines and equipment" class was 762.419 lei, representing the removal from the record of fixed assets sold in the amount of 699.319 lei and scrapped fixed assets in the amount of 63.100 lei . In the period January 1 - June 30, 2023, the total value of the decreases recorded in the accounting records for the "Buildings and Constructions" class was 2.600 lei, representing removal from the records by writing off fixed assets in March 2023**.**

- Intangible assets

	Development expenditures	**Other intangible assets**	**Intangible assets in progress**	**Total**
Cost	**Lei**	**Lei**	**Lei**	**Lei**
Balance at 01January 2022	186.892	854.655	-	1.041.547
Input	-	5.500	-	5.500
Outputs	-	-	-	-
Balance at 30 June 2022	186.892	860.155	.	1.047.047
Accrued amortization				
Balance at 01 January 2022	149.201	836.139	-	985.340
Amortizatization of the periiod	7.782	14.855	-	22.637
Otputs amortization	-	-	-	-
Balance at 30 June 2022	156.983	850.994	-	1.007.977
Net book value				
Balance at 01 January 2022	37.691	18.516	-	56.207
Balance at 30 June 2022	29.909	9.161	-	39.070

Cost	Development expenses Lei	Other intangible assets Lei	Intangible assets in progress Lei	Total Lei
Balance at 01January 2023	186.892	875.758	-	1.062.650
Input	-	1.700	-	1.700
Outputs	-	-	-	-
Balance at 30 June 2023	186.892	877.458	.	1.064.350
Accrued depreciation				
Balance at 01January 2023	164.764	859.538	-	1.024.302
Depreciation of period	6.485	9.603	-	16.088
Outputs depreciation	-	-	-	-
Balance at 30 June 2023	171.249	869.141	-	1.040.390
Net book value				
Balance at 01 January 2023	22.128	16.220	-	38.348
Balance at 30 June 2023	15.643	8.317	-	23.960

Between 01 January and 30 June 2023, the company purchased intangible assets worth 1.700 lei, representing the ESET Endpoint antivirus license.

10. INVENTORY

By comparison, the stocks are presented as follows:

LEI	30 June 2023	31 December 2022
Raw material	828.276	935.646
Additional material	304.088	270.865
Fuels	195	5.082
Packaging materials	1.395	1.395
Spare parts	2.437.973	2.224.139
Other consumables	158.134	160.404
Inventory items	220.473	234.679
Products in progress	10.618.364	12.916.350
Semi- manufactured	2.499.996	2.316.741
Finished product	5.412.224	4.536.936
Difference of price of finished products	13.982.470	13.927.255
Packing	695	730
Residual products	17.320	15.360
Total	**36.481.603**	**37.545.582**
Advances to purchases assets such as stocks	349.448	167.069
Total General Inventory	**36.831.051**	**37.712.651**

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11. SHARE OF THE INCOME FROM THE COMPANY'S BASIC ACTIVITY:

Turnover for the period 01.01.2023 – 30.06.2023 is below:

Accounting report on 30.06.2023	Value (lei)	Share in total income (%)	Share in turnover (%)
Income from the sale of finished products - internal	9.130.862	57,69	58,68
Income from the sale of finished products - external	6.152.106	38,87	39,53
Income from services rendered - Laboratory	0	0,00	0,00
Income from rendered services – internal transport	420	0,00	0,00
Income from services rendered – external transport and insurance	0	0,00	0,00
Income from services rendered – external transport	79.105	0,50	0,51
Income from royalties, management premises and rents	400	0,00	0,00
Income from rental of oilfield equipment and installation	0	0,00	0,00
Income from sale of goods	181.300	1,15	1,17
Income from various activities – internal	9.435	0,06	0,06
Income from various activities – external	7.940	0,05	0,05
Discounts - extern	0	0,00	0,00
Trade discounts granted	0	0,00	0,00
Turnover - Total	**15.561.568**	**98,32**	**100,00**

Accounting report on 30.06.2022	Value (lei)	Share in total income (%)	Share in turnover (%)
Income from the sale of finished products - internal	13.688.043	59,08	63,02
Income from the sale of finished products - external	7.609.619	32,84	35,03
Income from services rendered - Laboratory	1.187	0,01	0,01
Income from rendered services –external transport	1.568	0,01	0,01
Income from rental of oilfield equipment and installation	150.344	0,65	0,69
Income from sale of goods	252,467	1,09	1,16
Income from various activities – internal	17.616	0,08	0,08
Turnover - total	**21.720.844**	**93,75**	**100,00**

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INCOME FROM OPERATION	6 months 2023 lei	6 months 2022 lei
Total operation income, of which:	**15.556.706**	**23.007.947**
Turnover	15.561.568	21.720.844
Income related to the cost of finished product stocks and production in progress	(1.156.066)	1.220.164
Income from the production of tangible and intangible assets	0	0
Income from export subsidies for the payment of personnel, technical unemployment	0	0
Other operating revenues	1.151.204	66.939

OPERATION EXPENDITURES	6 months 2023 lei	6 months 2022 lei
Total operating expenses, of which:	**19.821.729**	**26.368.726**
Expenditure on raw materials and consumables	3.228.360	8.158.974
Other material expenses	156.909	311.570
Other external costs	2.128.063	2.203.717
Goods Expenses	56.038	91.481
Staff costs	10.317.894	12.134.935
Value adjustments regarding intangible and tangible assets, real estate investments and biological assets valued at cost	829.643	941.331
Other operating expenses	3.111.007	2.529.118
Adjustments regarding provisions	(6.185)	(2.400)

FINANCIAL REVENUE	6 months 2023 lei	6 months 2022 lei
Total financial revenue, of which:	**270.697**	**161.078**
Income from exchange rate fluctuations	261.944	160.004
Interest income	6.954	1.050
Other financial income	1.799	24

FINANCIAL EXPENSES	6 months 2023 lei	6 months 2022 lei
Total financial expenses, of which:	**589.274**	**596.211**
Interest expenses	372.889	367.192
Other finance expenses	216.385	229.019

CASH FROM OPERATION

IN LEI	30-June 2023	30-June 2022
Net result of period	**(4.583.600)**	**(3.795.912)**
Depreciation / depreciation of long-term assets	829.643	941.331
Gain / (loss) on the sale of fixed assets	55.826	(13.634)
Adjustments for impairment of receivables - clients	469.022	469.022
Interest Expenses	372.889	367.192
Interest Income	6.954	1.050
Gain / (loss) of course differences	45.747	69.015
Movements in working capital	**1.780.081**	**1.833.976**
Increase / (decrease) of trade receivables and other receivables	(1.633.287)	(601.691)
Increase / (decrease) of inventory	(881.600)	(266.141)
Increase / (decrease) in other current assets	(1.520)	1.136
Increase / (Decrease) Commercial Debt	2.364.848	(2.099.816)
Increase / (Decrease) Revenue Received in Advance	(49.170)	605.208
Increase / (Decrease) of other debts	3.365.929	(2.707.778)
Cash used for operation	**3.165.200**	**(5.069.082)**
Interest paid	(372.889)	(367.192)
Cash generated from exploitation activities	**(11.208)**	**(7.398.210)**

12. INFORMATION ON SEGMENTS

IFRS 8 establishes principles for information reporting on operational segment, referring to information on the economic activity of the entity where from generating income and expenses. Reportable operating segment is determined by the activity of production of products that generate revenue and expenditure such as reported income, including sales to external customers or sales or transfers between segments of the same entity, to represent 10% or more of the combined income of all internal and external operating segments. If total revenue from customers for all segments combined is less than 75% of total revenues entity, additional reportable segments should be identified until reaching the 75% level.

The company is registered in Romania and operates all its activities in headquarters in Ploiesti, str. Mihai Bravu. 243 and does not have subsidiaries, branches or outlets.
Its activity is analyzed in terms of the main object of activity, namely: manufacturing and selling on domestic and external markets, assemblies, oilfield parts and equipment, industrial valves, mud pumps and other spare parts for oilfield equipment.

The company management has established operating segments based on the volume of revenue from the sale of finished products in domestic and foreign markets and the benefits of services.
Segments identified are

- revenue from the sale of finished products - domestic market;
- revenue from the sale of finished goods - external market;
- income from stocks of finished products and production in progress
- income from services rendered;
- income from royalties, management and rental locations;
- revenues from commodities.

Report on operation segments for the period 01.01.2023 – 30.06.2023 is as follows:

Report on operating segment at 30 June 2023	Value (lei)	Share of total income %
Income from the sale of finished products - internal	9.130.862	57,69
Income from the sale of finished products - external	6.152.106	38,87
Income from finished products and products in progress	(1.156.066)	-
Income from services rendered	79.525	0,50
Income from rental of oilfield equipment and installation	400	0,00
Income from sale of goods	181.300	1,15
Other operation income	17.375	0,11
Total	**14.405.502**	**98,32**

lei

For the trade segment the turnover is totalling:	181.300
For the segment of services, turnover amounts to :	97.300
For the production segment the turnover is totalling:	15.282.968

Report on operation segments for the period 01.01.2022 – 30.06.2022 is as follows:

Report on operating segment at 30 June 2022	Value (lei)	Share of total income %
Income from the sale of finished products - internal	13.688.043	59,08
Income from the sale of finished products - external	7.609.619	32,84
Income from finished products and products in progress	1.220.164	5,27
Income from services rendered	2.755	0,01
Income from rental of oilfield equipment and installation	150.344	0,65
Income from sale of goods	252.467	1,09
Other operation income	17.616	0,08
Total	**22.941.008**	**99,02**

lei

For the trade segment the turnover is totalling:	252.467
For the segment of services, turnover amounts to :	170.715
For the production segment the turnover is totalling :	21.297.662

13. TRANSACTIONS WITH AFFILIATED PARTIES

IAS 24 "Transactions with related parties" regulates commercial operations with entities that hold cash funds in their capacity as Associate Members of the Association Uztel Ploiesti (majority shareholder of UZTEL - Ploiesti a total of 4.498.300 shares, representing 83,84 % of share capital of the company).

Transactions with affiliated parties are

A) Sales of finished products and services

Entity name	6 months 2023 lei	6 months 2022 lei
Axon SRL Ploiesti	47.130,56	5.615,40
Ipsar SRL Valeni de Munte	1.199,20	0

B) Acquisition of goods and services

Entity name	**6 months 2023 lei**	**6 months 2022 Lei**
Aprodem S.A. Ploiesti	0	2.463,30
Axon SRL Ploiesti	76.398,75	394.211,17
Platus Com SRL Campina	15.316,85	37.219,42
Titancore SRL Ploiesti	0	157.796,98

Entity name	**6 months 2023 usd**	**6 lmonths 2022 usd**
Shabum International LTD Tel Aviv	0	1.023,70

According to IAS 24 (Presentation of the information regarding the affiliated parties), the company considered it appropriate to describe the commercial transactions carried out with the legal entities that hold money funds as associate members of the UZTEL Association.
The legal entities whose transactions were mentioned above do not fall under the provisions of art. 108 of Law no. 24/2017 due to the fact that the holdings, i.e. the money funds, do not allow them to hold the control.
The company UZTEL SA presents the following additional information regarding the weight of the money funds held, on 30.06.2023, by the legal entities in their capacity as members of the Uztel Association, as follows:

Legal entity name	**% money fund owned in Asociatia UZTEL**
Axon SRL Ploiesti	0,7380
Ipsar SA	0,3255
Platus Com SRL Campina	0,6090
Titancore SRL Ploiesti	4,2191

Legal entity name	
Shabum International LTD Tel Aviv	0,2640

C) Compensation granted to key management personnel:
The key management staff includes executive directors, the management personnel of the production units (section heads) and the management staff of the main functional services of the company (technical, design, human resources, quality assurance, commercial, economic, administrative) .

	6 months 2023	**6 months 2022**
Gross salary	1.571.012 lei	2.187.590 lei

14. OTHER INFORMATION

(1) Auditors fee

For the period January 1 – June 30 2023 the Company's expenses on fees paid to auditors worth 62.477,56 lei VAT excluded, consisting of :

a) Financial Audit

	lei
- Lexexpert Audit SRL Galati – statutory auditor	25.910,33
- Fin Consult Audit SRL Ploiesti – auditor	3.750,00
- Unit VISION SRL Bucuresti transforming statements in HTML format	14.802,00

b) Audits for certification of quality management systems and products (license)

	lei
- GR Eurocert SRL Ploiesti	16.378,23
- ND U Test SRL Buzau	1.230,00
- Techstreet-Clarivate Analystics LLC	407,00

(2) Expenses with wages for the personnel

	Accounting Report on 30 June 2023 (lei)	Accounting Report on 30 June 2022 (lei)
Expenses with wages for personnel	9.931.222	11.699.627

The Company did not grant advances or loans to directors or managers.

Average number of employees in the period January - June 2023 , compared to the same period of the previous year, developed as bellow:

	Accounting Report on 30 June 2023	Accounting Report on 30 June 2022
Average number of employees (persons)	236	310

(3) Financial guarantees granted / received by the company

Financial guarantees granted

Uztel SA Ploiesti did not grant and did not receive between January and June 2023 guarantees of good execution from customers for the executed products or services provided.

Financial guarantees received

Uztel SA Ploiesti did not request and did not benefit in the period January - June 2023 from guarantees of good execution from the suppliers for repair works.

(4) Insurance policies held by the company

The company holds on June 30, 2023 the Signal Iduna Asigurari series CCPJ no. 23062234736 for a period of 12 months, valid from 23.06.2023 until 22.06.2024, representing fire insurance and other risks for a declared value of 23.445.571 lei of a 28 buildings and industrial production halls owned by the company.

The insurance policies that the company has concluded have generated financial costs (cash outflows), operating revenues through sales of complex products and services and, mainly, ensure shareholders, company administrators and business partners stability and confidence in commercial and financial activities. present and future of society.

(5) The evaluation of the aspects related to the impact of the basic activity of the society on the environment

The company's activity is carried out on the basis of the following regulatory acts:
- Environmental authorization no. PH-259 of 09.08.2022, with annual visa under the Decision 1006/11565/2022, valid until 02.10.2023 for the production of assemblies, subassemblies, oil machinery and installations and industrial service, recovery of recyclable industrial waste, water collection, treatment and distribution, painting workshop.
- Water management authorization no. 143 of 17.08.2022 valid until 01.09.2025. In order to obtain the water management authorization, the documentation was drawn up and submitted to the Romanian Water Administration - Prahova Water Management System;

Uztel S.A. Company constantly and sustainably pay special attention to the protection of the environment, especially considering:
- compliance with the legislation in force regarding environmental protection;
- saving natural resources
- identifying potential risks, anticipating the consequences and taking them into account;

Uztel SA has implemented the Environmental Management System according to ISO 14001-2015, ISO 9001-2015, ISO 45001:2018 and API specifications. The activities regulated by this system are maintained and continuously improved, being systematically supervised by internal audit, but also by the certification authority.

Environmental factors (drinking water, wastewater, air emissions, air emissions, noise, soil, waste) were monitored according to the legal requirements applicable to the activities of Uztel S.A. (monthly, quarterly, half-yearly, annually). The frequency imposed by the Environmental Permit was observed and no exceedances were registered compared to the imposed limits.

Dangerous chemicals and preparations have been purchased, stored, handled and used in accordance with applicable law, according to safety data sheets.

(6) Aspects of legal disputes of company

Company, as the lender has taken all legal steps necessary to recover trade receivables outstanding from legal entities and individuals having in progress during 01.01.2023 – 30.06.2023 a number of commercial cases through the courts, cases in various stages of judgment and execution and is part civil (no material implications) in files on group of work (labor disputes) with former employees.

Insolvency proceedings	7 files
Labor Disputes (labor groups, special conditions, claims, dismissal appeal)	53 files

The company periodically monitors outstanding trade receivables and applies the best estimates in highlighting and accounting for them.

15. COMPANY MANAGEMENT

TAX LEGAL FRAMEWORK

The legislative and fiscal frame of Romania and its implementation in practice changes frequently and is subject to different interpretations from various control bodies. Tax declarations are subject to revision and correction by tax authorities generally for a period of five years after their completion. Management believes that properly registered tax liabilities in the accompanying financial statements. However, there is a risk that the tax authorities adopt different positions in connection with the interpretation of these issues. Their impact could not be determined at this time.

Economic environment

The process of adjusting the values according to risk that took place on the international financial markets starting with 2016 affected their performance, including the financial-banking market in Romania, leading to an increased uncertainty regarding the economic evolution in the future.

The current liquidity and lending crisis has led, among other things, to low levels and difficult access to funds in the capital market, low levels of liquidity in the Romanian banking sector and high interbank loan rates. Significant losses suffered by the international financial market could affect the company's ability to obtain new loans and refinancing of existing facilities under conditions similar to previous transactions.

Trading partners of the company may also be affected by the liquidity crisis situations that might affect the ability to meet their current liabilities. The deterioration of operating conditions may affect creditors and managing cash flow forecasts and assessment of the impairment of financial assets and financial assets. To the extent that information is available, management has reflected revised estimates of future cash flows in its impairment.

Current concerns that the deteriorating financial conditions contribute in a later stage to a further decrease of confidence led to l efforts coordinated by governments and central banks in the adoption of special measures aimed at countering growing aversion to risk and restore normal operation of the market.

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The Company's management cannot predict events that could have an effect on the banking sector in Romania and then what effect would have on the company's business.

Labour framework

Although part of the European Union on 1 January 2007, Romania's economy still shows characteristics of an emerging market such as high current account deficit, a relatively undeveloped financial market and foreign exchange fluctuations.

Currently, international financial markets are feeling the global financial crisis triggered in 2008. These effects were found on the Romanian market as lowering prices and liquidity of capital markets, and by increasing interest rates on financing medium term due to the global liquidity crisis. Significant losses experienced in the global financial market could affect the Company's ability to obtain new loans in conditions similar to those applied to earlier transactions.

Through the application registered on 15.03.2023 before the Prahova Court under no. 1223/105/2023, the company Uztel S.A. requested the syndic judge to open the general insolvency procedure, as a result of the Decision of the Board of Directors of Uztel S.A. no. 54/13.03.2023. By the Conclusion pronounced in the meeting dated 13.04.2023 in file no. 1223/105/2023 pending at the Prahova Court, the syndic judge ordered the opening of general insolvency proceedings against the company Uztel S.A. Ploiesti. Through the application, the company Uztel S.A. expressed its intention to reorganize the activity, considering that it has the entire material base necessary for the reorganization of the activity, having in this sense the necessary experience, reliable manufacturing technologies, orders, as well as qualified personnel, carrying out - and the activity for a long period of time, being in this sense known nationally and internationally .

The causes that determined the emergence of the state of insolvency were, mainly, the following:

- The economic crisis and the repeated fiscal changes that affected Romania in the period 2020-2023;
- The evolution of the international epidemiological situation determined by the spread of the SARS-Cov-2 coronavirus, the declaration of a pandemic by the World Health Organization and the establishment of a state of emergency on the territory of Romania and other countries;
- The conflict in Ukraine;
- The negative evolution of macroeconomic indicators (inflation, budget deficit, decrease in foreign investments, increase in the unemployment rate, energy crisis, oil crisis, etc.);
- Financial causes determined by the above factors, market conditions and the legislative framework led to a major liquidity deficit that determined the company's inability to pay.

The management of the Company considers that the application of the principle of continuity of activity in the preparation of this individual financial statement describing the financial position is correct, given its position on the oil and natural gas market within the national economic system.

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16. THROUGHOUT THE INSOLVENCY PROCEEDINGS

The international financial crisis that was also felt in Romania, the pandemic caused by the SARS-CoV.2 coronavirus and the restrictions imposed by the European Union, Russia and Belarus, as a result of the war in Ukraine, had a negative impact on the energy system and economic chains, implicitly leading to affecting the normal functioning of economic and financial activities, with a direct impact on financial mechanisms, all of which represent social, commercial, economic and financial phenomena and aspects independent of society and which cannot be controlled by it.

Through the application registered on 15.03.2023 before the Prahova Court under no. 1223/105/2023, the company Uztel S.A. requested the syndic judge to open the general insolvency procedure, as a result of the Decision of the Board of Directors of Uztel S.A. no. 54/13.03.2023.

Through the application, the company Uztel S.A. expressed its intention to reorganize the activity, considering that it has the entire material base necessary for the reorganization of the activity, having in this sense the necessary experience, reliable manufacturing technologies, orders, as well as qualified personnel, carrying out - and the activity for a long period of time, being in this sense known nationally and internationally.

By the Conclusion pronounced in the meeting dated 13.04.2023 in file no. 1223/105/2023 pending at the Prahova Court, the syndic judge ordered the opening of general insolvency proceedings against the company Uztel S.A. Ploiesti.

COMPANY'S MANAGEMENT

In accordance with the legal provisions in force, respectively Law 31/1990 amended and updated, UZTEL SA was managed during 01.01 – 25.05.2023 by a Board of Directors, consisting of five members with full powers:

SURNAME, GIVEN NAME		
SURNAME, GIVEN NAME	**POSITION**	**PERIOD**
Hagiu Neculai	CEO	01.01.2023-25.05.2023
Popescu Ileana	Member of Board of Directors	01.01.2023-25.05.2023
Serbaniuc Tudor	Member of Board of Directors	01.01.2023-02.04.2023
Stan Vasile Armis	Member of Board of Directors	01.01.2023-25.05.2023
Grigore Victor	Member of Board of Directors	01.01.2023-25.05.2023

For the period 01.01.2023 – 05.25.2023, the total remuneration of the Board of Directors of the Company represented a percentage of 2,41 % of the salary fund.
By Decision no. 2/25.05.2023 adopted by the Ordinary General Meeting of Shareholders of Uztel S.A. Mr. Dumitru Paul George was appointed as Special Administrator of the company for a period of 4 years starting on 25.05.2023, who will manage the company under the supervision of the Judicial Administrator.

By the Decision of the Creditors' Meeting recorded in the Minutes of the Creditors' Meeting no. 644/22.06.2023, the creditors with a majority of 'for' votes expressed from the value of the claims decided to confirm the judicial administrator Andrei Ioan IPURL.

THE EXECUTIVE MANAGEMENT OF THE COMPANY - in the period 01.01.2023 - 06.30.2023 was ensured by:

PERIOD 01.01.2023 - 25.05.2023			
SURNAME, GIVEN NAME	**POSITION**	**PERIOD**	**DECISION/DATE OF ISSUE**
Anghel George Marinelo	General Director	01.01.2023-25.05.2023	C.M 02 / 09.01.2020
Popescu Ileana	Economic Director	01.01.2023-25.05.2023	C.M 2 / 14.05.2017
Voica Alin Marian	Technical Director	01.01.2023-25.05.2023	Decision 184 / 12.12.2019
Sighiartau Dan Petru	Commercial Director	01.01.2023-25.05.2023	Decision 49/09.02.2021
Voicu Mariana	Mnager of QMS	01.01.2023-25.05.2023	Decision 64 / 05.04.2018

Through the individual employment contract registered under no. 1387/25.05.2023, Mr. Dumitru Paul George was appointed, starting on 26.05.2023, as General Manager of the company Uztel S.A. Ploiesti.

For the period 01.01.2023 – 06.30.2023, the total remuneration of the Company's executive management represented a percentage of 7,40 % of the salary fund.

Special Administrator,
General Director,
Dumitru Paul George

Economic Department,
Popescu Ileana Brujban Gabriela

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IN INSOLVENTA IN INSOLVENCY EN PROCEDURE COLLECTIVE

Management statement

According to the best available information, we confirm that the simplified unaudited interim financial statements prepared for the six-month period ended June 30, 2023 offer a fair and consistent picture of the reality of the assets, obligations, financial position and the statement of revenues and expenses of Uztel SA, as provided by the applicable accounting standards, and that the Report of the Special Administrator provides a correct and consistent picture of the important events that occurred during the first six months of the financial year 2023 and their impact on the interim financial statements simplified, as well as a description of the main risks specific to the activity carried out.

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Ploiesti,

Special Administrator,	Economic Department,
General Director,	Popescu Ileana Brujban Gabriela
Dumitru Paul George	