



Report of the Special Administrator on Uztel S.A Company's business in 2023

Analysis of the Commercial Company's Activity

1.1 a) Description of the Company's core business

The company's core business is Manufacture of machinery for mining, quarrying and construction – NACE classified code 2892.

UZTEL S.A. was founded in 1904 as Societatea Romano- Americana (Romanian – American Company), which, in 1958, was nationalized and then in 1991 turned into commercial enterprise. The main activity consists in the production and trading of assemblies, parts and oilfield equipment, industrial valves, mud pumps and other spare parts for oil equipment, metal structures and castings and forgings.

The production covers processes of foundry and forge sectors, heat treatment, machining, assembly and testing. Quality control is certified in laboratories fitted with specialized equipment.

The company has a production integrated with local design skills, high technology applied in accordance with API specifications and EC standards. QOHSE compartment using modern laboratories and procedures provide compliance with international standards ISO-14001-2015, ISO 45001-2018, ISO 9001-2015 and API specifications API 6A,16A,16C, 16D. UZTEL maintains and continually improves a quality management system "QMS" ISO 9001: 2015 and API Spec. Q1, in accordance with international standards of reference, 14001 and 45001 and integrated with environmental management systems and occupational health and safety certified by GR Eurocert SRL Ploiesti, to ensure product quality while protecting the environment and creating a safe and healthy working environment at work

1.1 b) Specify the date of incorporation of the Company

UZTEL S.A. Ploiesti 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 at the Trade Register related to Prahova Court under no J29 / 48/1991 and holds unique registration number: RO 1352846.



In 2004, the company was privatized under PSAL I program, by transfer of shares held by the Romanian state to private shareholders, by sale of the Authority for State Assets Recovery 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 - USA. As of May 22, 2008 the Company was admitted to trading on BSE category II with UZT symbol. Currently, UZT shares are not tradable due to the opening of the insolvency procedure with the intention of reorganization through the Closing pronounced in the meeting dated 04.13.2023 in file no. 1223/105/2023 pending at the Prahova Court.

c) Description of acquisitions and/or sale of assets

• **Fixed Assets- Tangibles**

In the period January 1 - December 31, 2023, the total value of the increases recorded in the accounting records for the "Buildings and constructions" class was **41.932.423,39 lei** representing the difference between the net accounting value on 31.12.2023 and the fair value according to Valuation Report no. 18/February 2024.

In the period January 1 - December 31, 2023, the total value of the increases recorded in the accounting records for the "Machines and equipment" class was 765.218,94 lei representing outflows of fixed assets through scrapping and sale.

In the period January 1 - December 31, 2023, the total value of the decreases recorded in the accounting records for the "Buildings and constructions" class was 423.048,62 lei representing the sale of intra-urban land with a total area of 4.687 square meters.

In the period January 1 - December 31, 2023, the total value of the decreases recorded in the accounting records for the class "Buildings and constructions" was 19.067.303,91 lei, representing the depreciation value eliminated on 31.12.2023 for the class buildings - industrial halls, scraps and depreciation value for recording fair value according to Valuation Report no. 18/February 2024.

• **Fixed Assets – Intangible**

Between January 1 and December 31, 2023, the company purchased intangible assets worth 6.599,39 lei, representing:

- ESET Endpoint antivirus license, worth 1.700 lei;

- Software Update License & Support Oracle Database Standard Edition One Processor Perpetual Nov 2023-Nov 2024, worth 4.899,39 lei.

1.1 d) *Description of the main results of the evaluation of the company's activity The immobilized assets recorded the following developments in the financial year 01.01.2023 – 31.12.2023:*



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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- Compared to the year 2022, the total fixed assets increased from 35.500.674 lei on 31.12.2022 to 75.244.913 lei on 31.12.2023, i.e. a percentage increase of 111,95% compared to the same period of the year 2022 due to the recording of the fair value following the revaluation for the class buildings - industrial halls on 31.12.2023, as follows:
- The value of intangible assets decreased from 38.348 lei on 31.12.2022 to 11.891 lei on 31.12.2023, i.e. a percentage decrease of 68,99%, due to the registration in the accounting records of the acquisition of intangible assets, as well as expenses with their amortization recorded during the 2023 financial year.
- The value of tangible assets increased from 35.462.326 lei on 31.12.2022 to 75.233.022 lei on 31.12.2023, i.e. a percentage increase of 112,15%, due to the registration in the accounting record of the fair value as a result of revaluation for the class of buildings - industrial halls on 31.12.2023 and depreciation expenses.

Asset component	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Intangible assets	11.891	38.348	56.207	68.052
Tangible assets	75.233.022	35.462.326	36.615.293	37.576.783
Total assets	75.244.913	35.500.674	36.671.500	37.644.835

All the spaces available are owned by Uztel S.A.

Uztel S.A. registered in 2023 the following evolution of sales on the domestic and foreign market:

- Sales in RON** decreased from 25.869.001 lei on 31.12.2022 to 18.677.345 lei on 31.12.2023, i.e. a percentage decrease of 27,80 % compared to 2022;
- Sales in EURO** decreased from 2.620.486 EURO on 31.12.2022 to 1.441.043 EURO on 31.12.2023, .e. a percentage decrease of 45,01% compared to 2022;
- Sales in USD** decreased from 971.494 usd la 31.12.2022 la 526.841 usd la 31.12.2023, .e. a percentage decrease of 45,77% compared to 2022.

Explanations	31.12.2023	31.12.2022	31.12.2023/31.12.2022*100
Sales in RON	18.677.345	25.869.001	72,20
Sales in EURO	1.441.043	2.620.486	54,99
Sales in USD	526.841	971.494	54,23

1.1.1 Items of general assessment:

- Profit (9.407.257) lei
- Turnover 28.422.343 lei

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– c) Total value of the sales in foreign currencies (EURO and USD) changed to national currency or January- December 2023 worth 9.744.998 lei - account turnover 4111.1.03 (foreign clients) corresponding to turnover accounts, as follows:

lei

acct. 7015.3	Revenue from the sale of finished products	9.657.953
acct. 704.2.03	Income from services rendered- external transport	79.105
acct. 708.1.02	Income from various activities - export	7.940

d) Actual expenditure of 2023 to achieve production manufactured totalizes 24.940.263 lei and to achieve production in progress are worth a total of 9.256.669 lei.

e) Market share estimated to be owned by the company:

-Domestic 14-15%; the company tried to determine, constantly, the value of the profile market in order to understand where it fits, but the lack of correct and credible statistical information makes this estimate have a degree of subjectivity.

- External ~ 1%. Externally, it is not possible to objectively and correctly estimate the market share of Uztel, since not all the operators in the profile market are known.

The company, using professional reasoning, estimated these market shares for the year 2023, shares that were affected due to the evolution of the international post-epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus at the level of over 150 countries, as well as the outbreak of the conflict in February 2022 geopolitical from the border of Romania, which led to uncertainties and risks in the economic, commercial, social, financial environment that generated significant dysfunctions in the development of the company's activity in 2023.

f) on 31.12.2023, the company had cash (according to the balance sheet) in the total amount of 639.274 lei as follows:

lei

Explanations	31-December 2023	31-December 2022	Share (%)
0	1	2	3 = 1/2*100
Bank acct 5121 (lei)	449.769,17	62.254,89	722,46
Bank acct 5124 (USD) - c/val. lei	64.011,78	23.850,58	268,39
Bank acct 5124 (EURO) - c/val. lei	117.954,08	7.584,91	1.555,11
Petty cash acct 5311 in lei	2.591,15	4.194,02	61,78
Petty cash acct 5314 in devises (USD) – c/val. lei	0	5.030,88	-

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Petty cash acct 5314 in devises (EURO) – c/val. lei	4.947,41	2.812,71	175,89
Total cash	639.273,59	358.763,46	178,19

Cash and cash equivalents registered in 2023 an increase from 358.763,46 lei on 31.12.2022 to 639.273,59 lei on 31.12.2023, .e., a percentage increase of 78,19 % compared to the same period of 2022.

The company registered on December 31, 2023 a net financial profit due to exchange rate fluctuations (euro and usd) related to the period January - December 2023 amounting 11.655,56 lei, as follows:

- account 665 (expenses from exchange rate differences) = 393.770,66 lei
- account 765 (income from exchange rate differences) = 405.426,22 lei.

1.1.2 Assessment of the technical level of the commercial company

- a) As of 31.12.2023 the Company owns assets in the total amount of 105.824.561,02 lei, as bellow:

ASSETS	Balance at 31.12.2023 as of Account balance
Lands	15.794.281,49
Constructions	53.819.566,25
Technological equipment, devices and measurement equipment, vehicles	36.044.671,16
Furniture and office equipment	166.042,12

The production activity for the production of extraction and construction equipment, industrial valves, spare parts for oil equipment and metallic constructions is carried out in the Petroleum Equipment Division, and the casting parts, treatments and forging in the Hot Sectors Section.

- b) During January-December 2023, the following evolutions of the company's main incomes were recorded compared to the total revenues of 29.914.586 lei and the turnover of 28.422.343 lei, as follows:

year 2023	Amount (lei)	Share in total income %	Share in turnover %
Revenue from the sale of finished products - domestic	18.033.992,41	60,28	63,45
Revenue from the sale of finished products - external	9.657.952,76	32,28	33,98
Revenue from provifision of laboratory services	586,74	-	-



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Revenue from services rendered – domestic transport	3.895,92	0,01	0,01
Revenue from services rendered – external transport	79.105,38	0,26	0,28
Income from rental of oilfield equipment and installation	14.814,73	0,05	0,05
Income from sale of goods	355.150,74	1,19	1,26
Income from various activities – internal and export	276.844,40	0,93	0,97
Turnover - Total	28.422.343,08	95,00	100,00

1.1.1 Evaluation of technical – material supply (domestic and external suppliers)

From the annual volume of acquisitions made in 2023, amounting to 20.225.691,72 lei, the company's internal and external suppliers represent:

- internal suppliers amounting to 19.445.851,98 lei, a share of 96,14 % in total acquisitions;
- external suppliers (usd) amounting to 590.099,70 lei, a share of 2,92% in total acquisitions;
- external suppliers (euro) amounting to 189.740,04 lei , a share of 0,94 % in total acquisitions;

▪ Evaluation of the sales activity

From the annual volume of sales made in 2023, amounting to 28.422.343 lei, , the company's internal and external customers represent:

- internal clients amounting to 18.677.345 lei, a share of 65,71 % in turnover;
- external client (usd) amounting to 2.397.665 lei, a share of 8,44% in turnover;
- external client (euro) amounting to de 7.347.333 lei, a share of 25,85 % in turnover.
- The effects of the production activity, transactions and events carried out during 2023 of a company differ in terms of stability, risk and predictability, and the presentation of economic and financial elements help to understand the performance achieved and to evaluate future results.
- The achievements of 2023 prove that UZTEL S.A. Ploiesti is a viable company, with potential for economic and commercial stability, which depends to a large extent on the internal and external profile market, on the players and market rules and on the internal possibilities of recovery/reorganization.
- UZTEL S.A. had in progress on **31.12.2023** orders / contracts concluded with internal and external commercial partners in the total amount of **7.342.782,00 lei**, of which:

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Internal market - RON	2.726.911,00
External market - EURO	456.045,00
External market - USD	515.203,50

These orders / contracts are already underway in manufacturing and are in various stages of technological path and are intended for fabrication and delivery of the company's main products such as: industrial valves, systems and installation and equipment for oil wells blow-out prevention, oilfield equipment repair and manufacturing, services and spare parts, etc.

Concerning the contracts / purchase orders at end of **2023**, the company is carrying out a series of commercial steps and auctions on domestic and international market that will create the conditions to provide the necessary contracts and orders expected by Income and Expenditure Balance and Cash flows related to **2024**, as follows:

Internal Market - RON	12.800.000,00
External market - EURO	2.440.000,00
External market - USD	1.600.000,00

1.1.5. Evaluation of legal issues concerning the employees/staff of the company

a) Company recorded at 31.12.2023, 182 employees of which:

Engineer	Sub-engineers	economists	Other people with academic education
28	-	5	4

The factory staff is represented as follows:

individuals

Oilfield equipment Dept	Hot Sectors Dept.	Other activities	Technical and
104	-	28	50

The relationship between management and employees in 2023 were held in good conditions, labour conflicts are not registered and no otherwise.

1.1.6 Evaluation of aspects of the issuer's core activity impact on the environment

Company runs its business based on the following regulatory acts:

- Environmental authorization no. PH-259 from 02.10.2019, reviewed in 17.12.2021, valid with annual endorsement, for the activity of production assemblies, parts and oilfield equipment and industrial service, recovery of solid recyclable waste, collection, purification and distribution of water, painting workshop.
- Authorization for water management no. 143 from 17.08.2022 valid until 01.09.2025;



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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, waste water, air-emissions, air-immissions, soil, waste) were monitored according to the legal requirements applicable to the activities within Uztel S.A. (monthly, quarterly, semi-annually, annually). The frequency imposed by the Environmental Authorization was respected and there were no violations of the maximum limits imposed.

The program of measures for the year 2023 was carried out in proportion to 100%. The proposed actions concerned waste management, emissions and immissions, drinking and waste water, noise and soil. Hazardous chemical substances and preparations were purchased, stored, handled and used in compliance with the legislation in force, according to the technical safety data sheets

1.1.7 *Evaluation of Research and Development*

a) The main objectives in the design and assimilation of new products in 2023 were:



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All the objectives pursued in the design activity have been fully achieved/completed.

No.	PRODUCT DESCRIPTION
1	Valve XPS 0x4x4, SCH 40 AC
2	Valve XLPS 0x3x4, SCH 40 AC
3	Valve HLPS 3x3x0, SCH 40 AC
4	Valve HPS 3x3x3-SCH 40 AC
5	Valve HPS 3x3x3,H3x4x3
6	CIRCULATING HEAD
7	PUMPING HEAD PH5-D
8	PUMPING HEAD PH1-D
9	PUMPING HEAD PH5-A
10	PUMPING HEAD PH2-D
11	PUMPING HEAD PH5-D
12	CE 11"x7 1/16"x2 7/8"x2 9/16"-210bar, DD,P, PSL2, PR1
13	CE 11"x7 1/16"x2 7/8"x2 9/16"-210bar, DD,P, PSL2, PR1
14	CE11"x7 1/16"x2 7/8"x2 9/16"-350 bar,DD,P,PSL2,PR1
15	CC+CE 11"x7 1/16"x2 6/16"-5000psi;DD-NL,PU,PSL2,PR2
16	CC 11"x9 5/8"x5 1/2"-3000psi;AA,,PU,PSL1,PR1
17	CC 20 3/4"x20" SOWx13 5/8"x13 5/8" - 3000psi
18	CC 20 3/4"x20" SOWx13 5/8"x13 5/8" - 3000psi - iesire 45
19	CC11"x9 5/8"BTCx7 1/16 x 2 7/8 x 2 1/16-210 bar
20	CC+CE-3/5M,AA,U,PSL1,PR1
21	Double flange 13 5/8"x350bar-11"x210bar-2x2 1/16'x350bar
22	RSE-HT 3 1/8"x5M, T, FE, DD, X
23	RSE 2 1/16-3/5M,DD,P,PSL1,PR1
24	RSL 7 1/16-5M,BB,PX,PSL3,PR1
25	RRC 3 1/8"x2M,AA,PU,PSL1,PR1
26	RRC 4 1/16-2000 psi
27	Vertical preventer 7 1/16"x5000PSI, tip UZ 03
28	Stripping preventer 7 1/16-3000

b) In order to ensure the quality requirements regarding the sale of Uztel products on the foreign market, the technical departments obtained in 2023 certifications for licenses as follows:



b1) The audit of the integrated quality - environment - ssm system carried out by the company GR Eurocert SRL Ploiesti in the period 21.06 - 23. 06.2023, included:

- recertification audit of the quality management system according to ISO 9001:2015
- recertification audit of the environmental management system according to ISO 14001:2015
- recertification audit of the OSH management system according to ISO45001:2018

Following the audit performed by GR Eurocert SRL Ploiesti, the following certifications/certificates were obtained:

- No.00.12.1682; ISO-9001-2015; valid until 26.06.2026;
- No.00.02.1104; ISO-14001-2015; valid until 26.06.2026;
- No.00.05.0626; ISO45001:2018; valid until 22.06.2026.

b2) The recertification audit carried out by the GR Eurocert SRL Ploiesti company, on 21.06.2023, for:

- application of the CE mark for products manufactured in accordance with the European Directive PED 2014/68/EU
- conformity of cast materials according to the European Directive PED 2014/68/EU

Following the audit performed by GR Eurocert SRL Ploiesti Romania, the following certifications/certificates were obtained:

- PEMH1.0072 (valid until 23.06.2025) ;
- PE 43.00174 (valid until 27.09.2024) ;

b3) Holding product licenses according to the standards: API 6A; 16A; 16D; 16C, for which an audit was carried out between 17-21.07.2023 and Certificates of Conformity of the Quality Management System and application of the API monograms valid for 02.10.2024 and application of the API monograms on the products manufactured.

c) Technological activity was based on the use of previously acquired knowledge, on the results of new technologies, on technological development or on new combinations of existing technology. The accumulation of knowledge from the theoretical and experimental research activity in terms of the fundamental or applied aspects of the phenomena, as well as the use of those assimilated as a result of practical experience, constituted a first stage of the technological process, followed by the translation of knowledge into the production activity.

Within the Technological Service, new technologies were implemented as a result of the existing demand on the oil equipment market, the technological process starting with the review and combination of all existing information and knowledge, including calling on the experience of other users in the field of technological innovations.

Technological competitiveness, as a result of innovation focused on own research-development activity, modernization from a technological point of view was the main objective.



In the conditions that machining by chipping represents over 60% of the total factory work, the assimilation of modern chipping tools continued with a direct impact on the technical time norms and implicitly on the quality and cost price of the finished product. In the field of tool improvement, new technologies were analysed and developed, among which the following can be mentioned: increasing the cutting capacity of tools by using new materials and constructive forms and by rationalizing the operating conditions; the cutting capacity of high-speed steels, highly alloyed with cobalt, vanadium and molybdenum, was significantly increased by raising the carbon content and, respectively, the hardness from 62 - 65 HRC to 72 HRC; the performance of conventional metal carbides has been considerably improved by the use of processed or coated carbides with pure titanium. The permanent search, in various ways, of this balance between the cutting capacity of the tool and the energy capacity of the machine-tool has always been an important factor of technical progress in this field of technique.

The permanent improvement of the technical assistance provided by the Technological Design Service - SDV in the manufacturing process was also pursued for the early detection of technological problems (semi-finished products, inappropriate settings or working regimes) and their rapid correction.

In order to increase the degree of optimization/profitability of the orders in relation to the demand for the quality of UZTEL products and the reduction of the internal capacities of cast semi-finished products, the cast semi-finished products have been replaced with the forged or welded semi-finished products that require a smaller amount of labor in the conditions of compliance with the requirements API. The approval of cast semi-finished products from external production and their implementation in UZTEL production also began.

The implementation of technologies for inspection and recertification services according to the new API requirements, of the equipment used in drilling - extraction, continued.

The acceleration of changes and the inevitable shock of the future, the impact between technology and the natural or social environment, the transition from forced technology to high technology calls for a new technological education and mentality that the UZTEL Technological Service wants to implement and integrate. At the level of society, the development of technologies knows a continuous growth imposed by the economic conditions required by the oil products market, in the conditions where a particularity of financial investments is given by the large amount dedicated to research

1.1.8 *Evaluation of the Company's activity on risk management*

Interest rate risk

Operating cash flows of the Company are affected by changes in interest rates. The Company does not use financial instruments to protect against interest rate fluctuations

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	Accounting year	Accounting year
	Ended at	ended at
	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(lei)
Interest paid	406.492	885.177

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash in RON and devises in the company's cash account.

	Accounting year	Accounting year
	Ended at	ended at
	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(lei)
Cash and availability on demand	639.274	105.728
Total Cash and cash equivalents	639.274	105.728

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, market risk and liquidity risk increased a lot during the years 2020-2023, thus affecting the company's activity.

Currency risk

The company is subject to exchange rate fluctuations due to transactions made in foreign currency.

	Accounting year	Accounting year
	ended at	ended at
	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(lei)
Result of exchange rate differences	11.656	(262.246)

Market Risk

The current global liquidity crisis that began in mid-2019 resulted in, among other things, a low level of capital market funding, lower liquidity levels in the banking sector and occasionally higher interbank lending rates and volatility very high stock exchanges.



The uncertainties in the global financial markets have led to significant and influential market in Romania. They had a double influence on society: a decrease in assets held and volumes of activity. Currently, the full impact of the current financial crisis is impossible to predict and totally preventable

Management is unable to reliably estimate the effects on the financial position of the Company to further loss of liquidity in financial markets and the increased volatility in the exchange rate of the national currency and market indices.

The economic, commercial and financial effects of the "energy crisis" and the geo-political conflict were felt in the company's activity in 2023 by decreasing production (low demand), decreasing revenues and increasing stocks of finished products (available to customers for renting). Most of the oil companies and drilling operators in the domestic and international market have reoriented their investment policy (purchases of oil equipment and machinery) by dividing it for economic and financial reasons into two components

- acquisition of new oil equipment and installation with reduced investment budgets;
- oil equipment and installation rental with reduced investment budgets reasons into

The decrease in sales volume was determined by the reduction of the volume of contracts and orders at the company level against the background of the evolution of the international and national epidemiological situation of the spread of SARS-CoV-2 coronavirus, corroborated with the sudden decrease of the oil barrel price.

Any market study that would be carried out by the company at this time cannot provide accurate information about the sale of manufactured product stocks.

The demand for products made by UZTEL SA Ploiesti is currently more elastic than stable, because the preferences and orientations of consumers (internal and external customers), the decrease of the price of a barrel of oil and the investment budgets of large oil companies and the size of competitors' offer. are unpredictable. As a result, the company is currently facing an instability of demand for oil equipment, sales and the price of a barrel of oil, which have generated fluctuations in sales volume on the domestic and international market and, consequently, in cash flows generated by exploitation activity. The Company's management analysed the forecasts regarding the future of the operational activity, highlighting, at least for the period 01.01.2023 - 31.12.2023, a volume of inputs ensured both by the development of existing contracts, but also by the reasonable certainty of contracting new works.

During 2023, the company faced difficulties in ensuring the volume of orders needed to operate in the context in which the international and domestic market has been severely affected by possibly the worst crisis in the last 100 years. The effects of the crisis have generated difficulties in the chain in terms of:

- management of the situation caused by the coronavirus pandemic and isolation measures;
- fluctuation of crude oil barrel price
- drastic decrease in the demand for oil equipment;



- 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

- sale of national and international companies.

All these have determined a drastic reduction of the expenses with the investments in the extraction and drilling sector and have generated a negative impact in the activity of the equipment producing companies, leading to a decrease of turnover.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the company's processes, personnel, technology and infrastructure, as well as from external factors, such as those arising from the company's customer requirements to increase the quality of products and services offered.

The operational risks come from all the operations carried out by the company. The main responsibility for managing operational risks lies with the company's management, which has identified and controlled a series of operational risks in order not to affect the company's ability to achieve its objectives, namely:

- providing products and services according to the explicit and implicit quality requirements of the clients through the organization, planning and permanent monitoring of the commercial orders / contracts;

- improving the management of human resources by reducing the risks regarding the lack of qualified personnel and by maintaining and developing the professional competencies of all employees.

The company cannot control all the risks, nor is it possible, from the perspective of the costs / resources involved, but it has managed and controlled, which is really a priority, the significant / strategic risks.

The company does not hold participation titles in other entities.

1.1.9 Perspectives on the business activity of the company

a) The impact of the financial bottleneck on the company's liquidity is mitigated by reducing the volume of uncertain customers. The indicators of general liquidity and rapid liquidity had the following comparative developments:

Economic -financial indicators	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Current liquidity = Current assets / Current liabilities	4,30	1,42	1,68	2,02
Quick Liquidity = Current Assets - Stocks / Current Liabilities	0,80	0,33	0,36	0,32

b) According to the presentation and substantiation note of the Investment Program for 2023, the note prepared by the Investment Energy Maintenance Service and approved by



the administrative and executive management of the company was estimated the allocation of material resources for rehabilitation and modernization of existing assets.

This imperative investment process necessary for society has been severely affected by the evolution of the international epidemiological situation caused by the spread of SARS-CoV-2 coronavirus has led to an inevitable negative impact in terms of drastic decrease in the volume of orders and commercial contracts for 2023. This epidemiological crisis generated commercial, financial and social losses. Not to be neglected is the sudden drop in the price of a barrel of oil in a very short time, which had serious consequences on the company's clients (drilling and exploitation companies) who stopped and postponed investment programs in oil equipment, and which caused a negative "chain reaction" on the company's income / turnover.

2. Tangible Assets of Company

2.1 Specifying the location and characteristics of the main production facilities owned by the Company

The company owns a land area of 174.986,50 mp, of which:

- 109.022,00 mp – buildings;
- 65.964,50 mp – factory roads, utilities network and free area.

The core activity takes place in the industrial zone on an area of aprox. 161.690 mp.

2.2 Description and analysis of the company's properties wear

Fixed assets (constructions) registered in the company's financial accounts are mostly constituted and acquired before 1989, which have an advanced degree of physical and moral wear and tear. Some assets have been repaired or upgraded. The situation of buildings is precarious, we consider an average of 70% wear and to avoid damaging will be repaired and rehabilitated depending upon financial resources of the company.

Most of the equipment and machine tools are not in the best technical and technological condition. We appreciate that they already have a 60-65% average wear, most requiring overhaul. The machine-tools show wear of the guides, gearboxes, main axes, so that it becomes more and more difficult to maintain them at optimal parameters. It is estimated, depending on the financial resources, the purchase of the following machines and technological equipment: plasma cutting machine that allows cutting sheets up to 57 mm thick; carousel with CNC to allow the processing of parts with H= 2000 mm and D=1600 mm; UV – digital metro; contrail yoke MT; digital lux meter; gauss – digital metro; UV lamp with recording camera to improve NDT control processes; hydraulic wrench for tightening the bolts and nuts at a controlled moment to comply with the technical prescriptions for threaded fasteners .

2.3. Mention of the potential problems related to the property right on the tangible assets of the trading company



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The company holds title of property on the land, according to the MO3 series certificate number 3371 / 05.01.1996 and is not in litigation related to the property right.

3. Market of Securities issued by the Company

3.1 The shares issued by Uztel are listed in the Standard category at the Bucharest Stock Exchange, and are not tradable from the date of entry into the insolvency procedure - 04/13/2023

3.2 The share capital of UZTEL S.A. registered at 31 December 2023 worth 13.413.647,50 lei, being divided into 5.365.459 shares, with a nominal value of 2.50 lei. According to the evidences existing at the Central Depository S.A. according to address no. 7084 din 06.03.2024, the situation of the shareholders of the shares on 31.12.2023 is the following:

Shareholder	Nmb. of shares held	Share in capital, %
UZTEL Association	4.498.300	83,8381
Legal entities	447.203	8,3349
Natural persons	419.956	7,8270
TOTAL	5.365.459	100,0000

In 2023 the Company made quarterly payments amounting 148,93 lei representing net dividends due to shareholders for the years 2003, 2005, 2006, 2007 and 2008, as follows:

	lei
a) Payment 1st quarter	126,18
b) Payment 2nd quarter	22,75

At 31.12.2023 Uztel SA recorded in account 457 (due dividends) the sum of 1.007.874,37 lei representing dividends due to shareholders for years 2003-2008, amount included in the preliminary table of receivables published in B.P.I. nr. 10429/19.06.2023. The company has not determined and not paid dividends for the years 2011 – 2023.

3.3 *Description of any activities of the Company to purchase its own shares:* - -
- Company did not buy its own shares in 2023.

3.4 *If the company has subsidiaries, specifying the number and nominal value of the shares issued by the parent company owned subsidiaries:*

- The Company has no subsidiaries.

3.5 *If the company has issued bonds and / or other debt securities, presentation of way in which the company pays its obligations to the holders of such securities:*

-In 2023 the company has not issued bonds or other debt securities



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4. Company's management

4.1 List of the Company's administrators and the following information for each administrator.

In accordance with the legal provisions in force, respectively Law 31/1990 amended and updated, the management of the company was exercised during the period 01.01.2023 – 25.05.2023 by the Board of Directors formed by the following members with full powers:

PERIOD 01.01.2023 - 25.05.2023		
SURNAME, GIVEN NAME	POSITION	PERIOD OF OFFICE
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. For the period 01.01. – 31.12.2023 the total remunerations of the Board of Directors of the Company represented a percentage of 1.20% of the salary fund, specifying that these allowances were accounted for between 01.01 – 25.05.2023 because the Board of Directors was suspended according to the provisions of the law no. 85/2014 regarding the insolvency procedure.

4.2 Presentation of the list of members of the executive management of the commercial company

a) the executive management appointed by the Board of Directors /special Administrator for 2023 had the following composition:

THE EXECUTIVE MANAGEMENT OF THE COMPANY - during the period 01.01.2023 – 31.12.2023 registered the following component in exercising the managerial attributions :

PERIOD 01.01.2023 - 31.12.2023			
SURNAME, GIVEN NAME	POSITION	PERIOD	DECISION / DATE OF ISSUANCE
Dumitru Paul – George	General Director	26.05.2023 – 31.12.2023	C.I.M. nr. 1387/25.05.2023
Anghel George Marinelo	General Director, Head of Commercial Dept.	01.01.2023-25.05.2023	C.M. 02/09.01.2020 Add. Act / 07.2023

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Sighiartau Dan Petru	Commercial Director Head of Commercial Dept.	01.01.2023- 25.05.2023	Decision nr. 49/09.02.2021
Voica Alin Marian	Technical Director, Head of Technical Dept.	01.01.2023- 25.05.2023	Decision 184 / 12.12.2019
Popescu Ileana	Economic Director, Head of Economic Dept.	01.01.2023- 25.05.2023 26.05.2023 – 31.12.2023	Decision 592 / 30.11.2010 Additional act /05.2023
Voicu Mariana	Manager SSM, Head of SSM Dept.	01.01.2023- 25.05.2023 26.05.2023 – 31.12.2023	Decision 64/05.04.2018 Additional act / 05.2023

For the period 01.01.2023 - 31.12.2023 total remuneration of the executive management of the Company accounted for a share of 6,46 % of wages fund.

b) *Any agreement, understanding or family connection between the person and another and another person who caused that person is appointed member of the executive management:*

c) The Company did not find any such situations in financial year 2023 .

d) c) *Participation of executive management in company's share capital is as follows:*

SURNAME, GIVEN NAME-POSITION	Number of shares owned
Dumitru Paul – George – Special Administrator – General Director	-
Voica Alin Marian – Head of Technical Dept.	-
Popescu Ileana – Head of Economic Dept.	122
Voicu Mariana – Head of SSM Dept.	-

4.3 The administrative and executive management of the company was not involved in the last five years in litigation related to the activity performed.

Corporative governance

Uztel SA will implement the recommendations contained in the Corporate Governance Code of the Bucharest Stock Exchange, which establishes the principles and governance structures, having as main purpose the observance of shareholders' rights as well as ensuring their equitable



treatment. In this sense, the Board of Directors has elaborated a Regulation of Organization and Functioning, which is in accordance with the CGC principles, thus ensuring the transparency as well as the sustainable development of the company. The Organization and Functioning Regulation established at the same time the functions corresponding to the Board of Directors, its competencies and responsibilities, so as to ensure the observance of the interests of all company shareholders, their fair treatment and potential investors to the relevant information about the company.

Uztel's internal managerial control system operates with a variety of procedures, means, actions, provisions, which concern all aspects related to the entity's activities, being established and implemented by the company's management to allow it to have good control over the operation of the entity as a whole, as well as of each activity / operation separately. The managerial internal control tools are classified into six large groups: objectives, means (resources), information system, organization, procedures, control

The internal managerial control and the internal audit had in 2023 the following objectives:

- protecting the organization's resources against waste, negligence, abuse, fraud;
- compliance with the legislation in force and the internal regulations;
- reliability of financial reporting (accuracy, completeness and correct presentation of information);
- ensuring a climate based on the identification, understanding and control of all operations and activities of the entity, which should contribute to the achievement of organizational objectives;
- applying the decisions/decisions of the Board of Directors (as of 25.05.2023), the Judicial Administrator and the Special Administrator and the executive management and following up on their fulfilment.

The achievement of these objectives was achieved as follows:

- maintaining staff with an adequate level of competence, in accordance with the needs of the company, accompanied by the development of a continuous training plan that allows updating specific knowledge or supplementing internal resources with consultants / external service providers, when appropriate;
- clear definition and division of responsibilities related to each person involved in the organizational process; the separation of the attributions regarding the performance of operations between persons, so that the attributions of approval, control and registration are, to an adequate extent, entrusted to different persons (according to the Company's Organization Chart);
- the existence of a calendar and a well-defined process regarding the preparation of accounting, financial and commercial information in accordance with the requirements for reporting, verification and their corresponding approval by the Board of Directors (until 25.05.2023), the Judicial Administrator and the Special Administrator

In accordance with the recommendations contained in the GCC, the company will establish strict rules on the internal circuit of confidential documents and inside information, giving special importance to data and / or information that may influence the evolution of the market price of securities issued by Uztel SA.



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5. Finance- accounting statement

a) Elements of Financial Statement

a.1. The situation of assets items in 2023 compared to the years 2022, 2021, and 2020 is as follows:

asset	31.12.2023	31.12.2022	31.12.2021	31.12.2020	lei
Intangible assets	11.891	38.348	56.207	68.052	
Tangible assets, of which:	75.233.022	35.462.326	36.615.293	37.576.783	
Land and buildings	67.186.954	26.484.923	26.737.410	27.981.990	
Plant and machinery	5.531.243	6.401.256	7.294.558	6.977.919	
Other installations and furniture	28.493	35.671	42.849	50.027	
Tangible assets in progress	2.465.969	2.520.113	2.520.113	2.546.484	
Advance for acquisition of intangible assets	20.363	20.363	20.363	20.363	
Total asset	75.244.913	35.500.674	36.671.500	37.644.835	
Current assets of which:	47.263.531	49.103.628	52.137.391	41.290.546	
Stocks	38.514.768	37.712.651	40.968.713	34.758.639	
Receivables	8.107.516	11.279.906	10.804.774	5.241.939	
Cash availability	639.274	105.728	358.763	1.286.319	
Prepayment	1.973	5.343	5.141	3.649	
Total assets	122.508.444	84.604.302	88.808.891	78.935.381	

Compared to the year 2022, an increase of 44,80% of the total assets owned by the company was observed, compared to the year 2021, an increase of 37,95% was observed, and compared to the year 2020, an increase of 55,20%.

In nominal values, total assets increased in 2023 compared to 2022 from 84.604.302 lei at 31.12.2022 to 122.508.444 lei at 31.12.2023, on account of:

– the increase of fixed assets by 111,95%, and in nominal values from 35.500.674 lei on 31.12.2022 to 75.244.913 lei on 31.12.2023, as a result of making and recording the fair values related to the Valuation Report for the class of buildings - halls industrial no. 18/February 2024;

– decrease of current assets by 3,75%, and in nominal values from 49.103.628 lei on 31.12.2022 to 47.263.531 lei on 31.12.2023.

In nominal values, total assets increased in 2023 compared to 2021 from 88.808.891 lei on 31.12.2021 to 122.508.444 lei on 31.12.2023, on account of:

– the increase of fixed assets by 105,19%, and in nominal values from 36.671.500 lei on 31.12.2021 to 75.244.913 lei on 31.12.2023 as a result of making and recording the



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fair values related to the Valuation Report for the class of buildings - industrial halls No. 18/February 2024;

- the decrease of current assets by 9,35%, and in nominal values from 52.137.391 lei on 31.12.2021 to 47.263.531 lei on 31.12.2023.

In nominal values, total assets increased in 2023 compared to 2020 from 78.935.381 lei at 31.12.2020 to 122.508.444 lei at 31.12.2023, on account of:

- the increase of fixed assets by 99,88%, and in nominal values from 37.644.835 lei on 31.12.2020 to 75.244.913 lei on 31.12.2023 as a result of making and recording the fair values related to the Valuation Report for the class of buildings - industrial halls No. 18/February 2024;

- the increase of current assets by 14,47%, and in nominal values from 41.290.546 lei on 31.12.2020 to 47.263.531 lei on 31.12.2023.

Clients

Uztel SA periodically analyses the receivables situation of internal, external and litigious clients. For the receivables of the internal clients existing in the balance on 31.12.2023 in the amount of 4.424.691 lei no depreciation adjustments were constituted in the financial year 2023 because they are under strict monitoring regarding the terms of their collection. Internal receivables are subject to periodic analysis for the correct highlighting of the fair value receivable.

Internal receivables are subject to periodic analysis for the correct highlighting of the fair value to be collected.

For the receivables of the external clients existing in the balance on 31.12.2023 amounting to 2.064.779 lei no depreciation adjustments were established in the financial year 2023 because they are under strict monitoring regarding the terms of their collection.

External receivables are subject to periodic analysis for the correct highlighting of the fair value receivable to be collected.

The value of 610.074 lei represents the balance of receivables on 31.12.2023 for uncertain clients and is the object of analysis and periodic review of their fair value based on legal information in the files pending before the courts and in the enforcement files.

Uztel considers, based on professional reasoning, that the amounts recorded in the accounts receivable of customers represent their fair value.

The activity of analysis, prescription of receivables and depreciation adjustments is performed periodically during the fiscal year in order to keep a true image regarding the knowledge of the present and future receivables of the company.



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Stocks of raw materials, materials, semi-finished products and finished products

On 31.12.2023 the Company did not provide adjustments for Stocks of raw materials, materials, semi-finished products and finished products

a.2 The situation of liabilities in 2023 compared to 2022, 2021 and 2020 is as follows:

lei

Liabilities	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Equity	13.413.648	13.413.648	13.413.648	13.413.648
Adjustments of equity	3.453.860	3.453.860	3.453.860	3.453.860
Reserves	73.200.189	32.369.908	34.065.517	34.986.872
Retained earnings	(18.317.119)	(9.024.687)	(1.422.418)	(2.674.097)
Debt over a year	39.471.404	9.639.293	8.131.379	9.110.547
Provisions	202.457	214.337	220.217	225.017
Debts under one year	11.084.005	34.537.943	30.946.688	20.419.534
Total Liabilities	122.508.444	84.604.302	88.808.891	78.935.381

Compared to 2022, there was an increase of 44,80% in the total liabilities owned by the company, in nominal values from 84.604.302 lei on 31.12.2022 to 122.508.444 lei on 31.12.2023;

Compared to 2021, there was an increase of 37,95% in the total liabilities owned by the company, in nominal values from 88.808.891 lei on 31.12.2021 to 122.508.444 lei on 31.12.2023;

Compared to 2020, there was an increase of 55,20% in the total liabilities owned by the company, in nominal values from 78.935.381 lei on 31.12.2020 to 122.508.444 lei on 31.12.2023.

The percentage and value increase of the total liabilities held by the company is due to the registration on 31.12.2023 of the fair values for the class of buildings - industrial halls according to Valuation Report no. 18/February 2024, resulting in the increase of revaluation reserves with the value of 41.932.423 lei representing the difference between the non-accounting value and the adjusted value revalued on 31.12.2023 and the reduction of revaluation reserves with the value of 1.102.142 lei by capitalizing the revaluation surplus and reserves recorded in the tax register, as follows:

- the value of 481.319 lei representing surplus capitalization from the revaluation for tangible assets that is evident from the sale of the house during the year 2023;
- the value of 620.823 lei representing revaluation reserves recorded in the fiscal register in 2023;

b) The situation of the Global Result

The structure of the global result in 2023 compared to the years 2022, 2021 and 2020 is presented as follows:

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Keys	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Net turnover	28.422.343	43.565.867	35.861.356	35.278.237
Operational income	29.498.110	42.944.071	44.652.881	33.630.585
Operational expense	38.518.529	50.716.971	43.642.868	44.601.931
Result of operational activities	(9.020.419)	(7.772.900)	1.010.013	(10.971.346)
Financial income	416.476	558.557	187.101	538.138
Financial expenses	803.314	1.701.932	866.790	1.182.618
Net Financial Result	(386.838)	(1.143.375)	(679.689)	(644.480)
Total income	29.914.586	43.502.628	44.839.982	34.168.723
Total expenses	39.321.843	52.418.903	44.509.658	45.784.549
Result before tax	(9.407.257)	(8.916.275)	330.324	(11.615.826)
Overall result of period	(9.407.257)	(8.916.275)	330.324	(11.615.826)

The turnover recorded on 31.12.2023 compared to 31.12.2022 a decrease of 34,76%, in nominal values from 43.565.867 lei at 31.12.2022 to 28.422.343 lei.

Compared to 31.12.2021, the turnover recorded a decrease of 20,74%, in nominal values from 35.861.356 lei on 31.12.2021 to 28.422.343 lei on 31.12.2023, and compared to 31.12.2020 it decreased by 19,43% , in nominal values from 35.278.237 lei on 31.12.2020 to 28.422.343 lei on 31.12.2023.

The turnover expresses the volume of income obtained by the company based on the commercial operations carried out in the reference year 2023.

The turnover sums up: sales of executed products, works and services, rents and other incomes.

Operating revenues decreased by 31,31% in 2023 compared to 2022, i.e. in nominal values from 42.944.071 lei on 31.12.2022 to 29.498.110 lei on 31.12.2023, as follows:

- decrease in production and sales from 43.276.240 lei on 31.12.2022 to 28.067.192 lei on 31.12.2023, a percentage decrease of 35.14%;
- increase in revenues from the sale of goods from 289.627 lei on 31.12.2022 to 355.151 lei on 31.12.2023, a percentage increase of 22,62%
- the increase in revenues related to the costs of product stocks from (857.046) lei on 31.12.2022 to (125.317) lei on 31.12.2023;
- the increase in operating income from 235.250 lei on 31.12.2022 to 1.201.084 lei on 31.12.2023, a percentage increase of 510,56%.

Compared to 31.12.2021, operational revenues have decreased by 33.94%, i.e. in nominal values from 44.652.881 lei on 31.12.2021 to 29.498.110 lei on 31.12.2023, on account of:

- decrease in production and sales from 35.757.317 lei on 31.12.2021 to 28.067.192 lei on 31.12.2023, a percentage decrease of 21,51%;
 - increase in income from the sale of goods from 104.039 lei on 31.12.2021 to 355.151 lei on 31.12.2023, a percentage increase of 241,36%;
 - the decrease in revenues related to the costs of product stocks from 8.408.612 lei on 31.12.2021 to (125.317) lei on 31.12.2023;



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– the increase in operating income from 382.913 lei on 31.12.2021 to 1.201.084 lei on 31.12.2023, a percentage increase of 214,45%.

Compared to 31.12.2020, operational revenues decreased by 12,29%, i.e. in nominal values from 33.630.585 lei on 31.12.2020 to 29.498.110 lei on 31.12.2023, i.e.:

-decrease in production and sales from 35.230.242 lei on 31.12.2020 to 28.067.192 lei on 31.12.2023, a percentage decrease of 20,33%;

– the increase in income from the sale of goods from 47.995 lei on 31.12.2020 to 355.151 lei on 31.12.2023, a percentage increase of 639,97%;

– the increase in revenues related to the costs of product stocks from (2.950.128) lei on 31.12.2020 to (125.317) lei on 31.12.2023;

– the increase in operating income from 259.660 lei on 12/31/2020 to 1.201.084 lei on 12/31/2023, a percentage increase of 362,56%.

Operational expenses – decreased by 24,05 % la 31.12.2023 compared to 31.12.2022, in i.e. in nominal values from 50.716.971 lei at 31.12.2022 to 38.518.529 lei at 31.12.2023 ,on account of:

- decrease in expenses for raw materials, consumables, goods and utilities from 18.791.128 lei on 31.12.2022 to 11.015.752 lei on 31.12.2023, a percentage decrease of 41,38%;

decrease in other expenses representing external services, fees and taxes from 4.745.088 lei on 31.12.2022 to 4.050.363 lei on 31.12.2023, a percentage decrease of 14,64%;

-reduction of personnel expenses from 24.325.594 lei at 31.12.2022 to 19.494.309 lei at 31.12.2023, a percentage decrease of 19,86%.

Compared to 31.12.2021, operational expenses decreased by 11,74%, in nominal values from 43.642.868 lei on 31.12.2021 to 38.518.529 lei on 31.12.2023, i.e.:

-decrease in expenses for raw materials, consumables, goods and utilities from 17.869.084 lei on 31.12.2021 to 11.015.752 lei on 31.12.2023, i.e. a percentage decrease of 38,35%;

– the increase in other expenses representing external services, fees and taxes from 3.862.853 lei at 31.12.2021 to 4.050.363 lei at 31.12.2023, a percentage increase of 4,85%;

– increase in personnel expenses from 19.404.441 lei on 31.12.2021 to 19.494.309 lei on 31.12.2023, a percentage increase of 0,46%.

Compared to 31.12.2020, operational expenses decreased by 13,64%, in nominal values from 44.601.931 lei at 31.12.2020 to 38.518.529 lei at 31.12.2023, i.e.:

- decrease in expenses for raw materials, consumables, goods and utilities from 13.430.849 lei on 31.12.2020 to 11.015.752 lei on 31.12.2023, i.e. a percentage decrease of 17,98%;

– decrease in other expenses representing external benefits, fees and taxes from 4.215.826 lei on 31.12.2020 to 4.050.363 lei on 31.12.2023, a percentage decrease of 3,92%;

– reduction of personnel expenses from 21.811.819 lei at 31.12.2020 to 19.494.309 lei at 31.12.2023, a percentage decrease of 10,62%.

The result of the operational activities recorded on 31.12.2023 compared to 31.12.2022 a decrease , in nominal values from (7.772.900) lei at 31.12.2022 to (9.020.419) lei at 31.12.2023. Compared to 31.12.2021, the result of operational activities registered reduction, in nominal values from 1.010.013 lei at 31.12.2021 to (9.020.419) lei at 31.12.2023, and compared to 31.12.2020 recorded an increase from (10.971.346) lei at 31.12.2020 to (9.020.419) lei at 31.12.2023.

Financial revenues decreased by 25,44 % at 31.12.2023 compared to 31.12.2022, i.e. in nominal values from 558.557 lei at 31.12.2022 to 416.476 lei at 31.12.2023. Compared to



31.12.2021, financial revenues increased by 122,59 %, i.e. in nominal values from 187.101 lei at 31.12.2021 at 416.476 lei la 31.12.2023, and compared to 31.12.2020 they decreased by 22,61 %, i.e. in nominal values from 538.138 lei at 31.12.2020 to 416.476 lei at 31.12.2023.

Financial expenses record a decrease by 52,80 % la 31.12.2023 compared to 31.12.2022, in nominal value from 1.701.932 lei at 31.12.2022 to 803.314 lei at 31.12.2023.

Compared to 31.12.2021, the financial expenses record a decrease by of 7,32 %, in nominal value from 866.790 lei at 31.12.2021 to 803.314 lei at 31.12.2023, and compared to 2020 recorded a decrease by 32,07 %, in nominal value from 1.182.618 lei at 31.12.2020 to 803.314 lei at 31.12.2023.

The increase/decrease in financial expenses was achieved due to exchange rate differences, the appreciation/depreciation of the national currency compared to the euro and dollar contract currency and the volume of invoiced and collected foreign currency trade receivables.

The net financial result on 31.12.2023 recorded a loss of (386.838) lei, on 31.12.2022 the company recorded a loss of (1.143.375) lei. On 31.12.2021 the company recorded a financial loss of (679.689) lei, and on 31.12.2020 a loss of (644.480) lei.

Total revenues registered a decrease of 31,23% on 31.12.2023 compared to 31.12.2022, i.e. in nominal values from 43.502.628 lei on 31.12.2022 to 29.914.586 lei on 31.12.2023.

Compared to 31.12.2021, total revenues decreased by 33,29%, in nominal values from 44.839.982 lei on 31.12.2021 to 29.914.586 lei on 31.12.2023, and compared to 31.12.2020, total revenues decreased by 12,45%, in nominal values from 34.168.723 lei on 31.12.2020 to 29.514.586 lei on 31.12.2023.

Total expenses decreased by 24,99% on 31.12.2023 compared to 31.12.2022, in nominal values from 52.418.903 lei on 31.12.2022 to 39.321.843 lei on 31.12.2023.

Compared to 31.12.2021, total expenses decreased by 11,66%, in nominal values from 44.509.658 lei on 31.12.2021 to 39.321.843 lei on 31.12.2023, and compared to 31.12.2020, total expenses decreased by 14,12%, in nominal values from 45.784.549 lei on 31.12.2020 to 39.321.843 lei on 31.12.2023.

The pre-tax result recorded on 31.12.2023 compared to 31.12.2022 a decrease, in nominal values from (8.916.275) lei at 31.12.2022 to (9.407.257) lei at 31.12.2023. Compared to 31.12.2021, the result before taxation registered a decrease, in nominal values from de la 330.324 lei at 31.12.2021 to (9.407.257) lei at 31.12.2023, and compared to 31.12.2020 it registered an increase, in nominal values from (11.615.826) lei la 31.12.2020 to (9.407.257) lei at 31.12.2023.

The overall result for the period registered on 31.12.2023 compared to 31.12.2022 a decrease , in nominal values from (8.916.275) lei at 31.12.2022 to (9.407.257) lei at 31.12.2023. Compared to 31.12.2021, the result before taxation registered a decrease, in nominal values from 330.324 lei at 31.12.2021 to (9.407.257) lei at 31.12.2023, and compared to 31.12.2020 it



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registered an increase, in nominal values, from (11.615.826) lei at 31.12.2020 to (9.407.257) lei at 31.12.2023.

Economic - financial indicators	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Current liquidity – Current Assets / Current Liabilities	4,30	1,42	1,68	2,02
Indebtness – Borrowed capital / Equity * 100	10,29%	20,64%	19,56%	20,82%
Rotation speed debts – clients – Receivables / Turnover * 365 days	104 zile	95 zile	110 zile	54 zile
Rotation speed of fixed assets – Turnover / Fixed Assets	0,38	1,23	0,98	0,94

Current liquidity - provide the guarantee to cover current liabilities from current assets, accepted value is about 2.

Indebtedness - Expresses credit risk management effectiveness. The lower the value resulting from the calculation of indebtedness ratio, the smaller risk associated and less sensitive with changing interest rates.

Rotation speed debts – clients - Express effectiveness of the company in collecting its receivables, namely the number of days until the debtors pay their debt to society. The average number of days in which the company claims back in 2023 was 104 days.

Rotation speed of fixed assets - Express effectiveness of business assets by examining the turnover generated by a certain amount of assets. The value obtained was 0,38 expresses assets management effectiveness by achieving a turnover of 28.422.343 lei generated by an amount of fixed assets worth 75.244.913 lei.

c) Cash-flow :

The cash flow situation at 31 December 2023 as compared to 31 December 2022, 31 December 2021 and 31 December 2020 is as follows:



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	31-dec. 2023	31- dec. 2022	31-dec. 2021	31-dec. 2020
	lei	lei	lei	lei
Net profit for the year	(9.407.257)	(8.916.275)	330.324	(11.615.826)
Income tax expenses	-	-	-	-
Long term asset depreciation /impairment	1.656.549	1.776.313	2.228.405	2.476.994
Expenses with disposed assets	484.091	285.904	32.000	843.485
Asset disposal income	(539.574)	(154.042)	(169.439)	(252.563)
Impairment adjustments for customer receivables	-	-	-	1.077.744
Income / (expenses) related to value adjustments on current assets	-	-	-	2.693.898
Interest expense	(406.492)	(885.177)	(517.998)	(605.349)
Interest income	7.820	1.536	1.681	2.701
Gain / loss from exchange rate	11.656	262.247	170.669	(26.455)
Movements in working capital	1.214.050	1.286.781	1.745.318	6.210.455
Increase / (decrease) in trade receivables and other receivables	(3.172.390)	(475.132)	(5.562.835)	4.130.449
Increase /(decrease) in other current assets	(3.370)	(202)	(1.492)	(686)
Increase / (decrease) in inventories	802.117	3.256.062	6.379.529	(5.789.020)
Increase / (decrease) commercial debts	(336.478)	(2.990.559)	(10.814.183)	7.008.127
Increase / (decrease) income recorded in advance	(98.338)	(970.153)	1.350	2.500
Increase / (decrease) other debts	9.462.547	1.506.809	1.241.026	(6.671.369)
Cash used in operating activities	6.654.088	326.825	(8.756.605)	(1.319.999)
Profit tax paid	-	-	-	-
Interest paid	(406.492)	(885.177)	(517.998)	(605.349)
Cash generated from operating activities	(1.945.611)	(8.187.846)	(7.198.961)	(7.330.719)
Net cash from investment activities	(151.463)	(241.315)	(436.928)	(651.489)
Cash payment for acquisition of assets	(151.463)	(241.315)	(436.928)	(651.489)
Net cash from financing activities	2.630.620	8.176.126	6.708.333	7.297.358
Cash repayments on loans and credits	(389.070)	(1.005.938)	(1.005.938)	(1.005.938)

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Cash receipts from loans and credits	3.019.839	9.182.306	7.714.313	7.263.645
Receipts from subsidies for the payment of staff in technical furlough	-	-	-	1.039.945
Dividends paid	(149)	(242)	(42)	(294)
Increase / decrease in net cash and cash equivalents	533.546	(253.035)	(927.556)	(684.850)
Cash and cash equivalents at the beginning of period	105.728	358.763	1.286.319	1.971.169
Cash and cash equivalents at the end of period	639.274	105.728	358.763	1.286.319
Net increase/decrease in cash and cash equivalents	533.546	(253.035)	(927.556)	(684.850)

In 2023, cash and cash equivalents increased compared to 2022 by 786.581 lei, as result of:

- increase of the cash generated from the exploitation activity by 6.242.235 lei, from (8.187.846) lei at 31.12.2022 to (1.945.611) lei at 31.12.2023;
- decrease of net cash from investment activity by 89.852 lei, from (241.315) lei at 31.12.2022 to (151.463) lei at 31.12.2023;
- decrease of net cash from investment activity by 5.545.506 lei, from 8.176.126 lei at 31.12.2022 to 2.630.620 lei at 31.12.2023.

In 2023, cash and cash equivalents increased compared to 2021 by 1.461.102 lei , as result of :

- increase of the cash generated from the exploitation activity by 5.253.350 lei, from (7.198.961) lei at 31.12.2021 to (1.945.611) lei at 31.12.2023;
- decrease in net cash from investment activity by 285.465 lei, from (436.928) lei on 31.12.2021 to (151.463) lei on 31.12.2023;
- the reduction of the net cash from the financing activity by 4.077.713 lei, from 6.708.333 lei at 31.12.2021 to 2.630.620 lei at 31.12.2023.

In 2023, cash and cash equivalents increased compared to 2020 by 1.218.396 lei, as a result of:

- the increase in the cash generated from the exploitation activity by 5.385.108 lei, from (7.330.719) lei at 31.12.2020 to (1.945.611) lei at 31.12.2023;
- decrease in net cash from investment activity by 500.026 lei, from (651.489) lei at 31.12.2020 to (151.463) lei at 31.12.2023;
- the reduction of the net cash from the financing activity by 4.666.738 lei, from 7.297.358 lei at 31.12.2020 to 2.630.620 lei at 31.12.2023.



Events after the financial statements concluded on 31.12.2023

Based on the information that the company holds so far; the shareholding structure has not changed until the date of issuance of these financial statements.

Uztel has identified events that occurred between the date of the balance sheet concluded on 31.12.2023 and the date on which the financial statements are authorized for submission. These events provide additional information regarding the conditions that existed at the balance sheet date or regarding certain conditions that appeared after the closing of the 2023 balance sheet, as follows:

. In 2023, UZTEL SA carried out its activity in conditions of continuity in accordance with the provisions of OMFP 2844/2016 regarding the accounting regulations compliant with the International Financial Reporting Standards and the conditions stipulated by Law nr. 85/2014 concerning the insolvency procedure.

The company faced a series of difficulties in collecting the value of the goods delivered and the services provided by 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 sales volume was determined by the reduction in the volume of contracts and orders at the company level, against the background of the international and national situation, corroborated by the sudden drop in the price of a barrel of oil.

After the closing date of the financial year on 31.12.2023, the uncertainties and risks in the economic, commercial and financial environment remain elevated nationally and internationally. Even though the impact of the pandemic on economic activity has decreased over time, the continued application of measures to limit the spread of the disease and the prolonged shortage of personnel may affect economic activity. Also, these measures could affect the operation of the supply and sales chains for a longer period than expected.

The outbreak in February 2022 of the geo-political conflict on the border of Romania and the energy crisis led to major imbalances in the purchase and sale chains with immediate unfavorable consequences in treasury flows and implicitly, in the accumulation of salary and commercial debts and the failure to meet budget indicators provided for the year 2023.

The economic (commercial and financial) instability of the company determined by the reduced volume of sales on the internal and external market, delays in the collection of receivables, resulted in delays in paying the commercial debts of suppliers of raw materials, materials, utilities and services.

The 2024 challenge: the economic crisis and the repeated fiscal changes that affected Romania in the period 2020-2023; the negative evolution of macroeconomic indicators (inflation, budget deficit, decrease in foreign investments, increase in the unemployment rate); continuously increasing prices for raw materials and materials, higher bank interest rates, high prices of utilities (energy and gas) will break the overpressure of salary increases and maintain a



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high volume of sales in physical and value units in order to reach the performance objectives estimated by the Budget of revenues and expenses.

The Uztel company is facing an acute lack of availability, liquidity and continues its production activity under conditions of its reorganization/restructuring and resizing of the number of employed personnel depending on the volume of orders and commercial contracts negotiated with internal and external clients and the winning of internal and international tenders in the petroleum equipment market and, last but not least, by adopting a strategy, by reorganizing the entire activity, a strategy that will be transposed into the Reorganization Plan of the company.

Special Administrator – General Director,

Dumitru Paul – George

Undersigned, Maria Coman, sworn interpreter and translator for the English and French languages under the license no. 5886/2001 of 11 December 2001 issued by the Ministry of Justice of Romania, certify the accuracy of the translation done from Romanian to English language that the text presented has been fully translated, without omissions, and that the translation did not distorted document content and meaning.

The document whose translation is required in full was issued by SC UZTEL SA , Ploiesti city, Romania and presented me completely .

SWORN INTERPRETER AND TRANSLATOR





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**INDIVIDUAL FINANCIAL STATEMENTS OF
UZTEL S.A. PLOIESTI
AT 31.12.2023**

**PROVIDED IN ACCORDANCE WITH THE PROVISIONS OF THE ORDER OF
THE MINISTER OF PUBLIC FINANCE NO. 881/2012 AND OF THE ORDER OF
THE MINISTER OF PUBLIC FINANCE NO. 2844/2016**



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- II. INDIVIDUAL SITUATION OF THE GLOBAL RESULT**
- III. INDIVIDUAL SITUATION OF MODIFICATIONS OF OWN CAPITALS**
- IV. INDIVIDUAL SITUATION OF CASH FLOWS**
- V. EXPLANATORY NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**



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Statement of the Individual Financial Position

For Accounting Reporting at 31 December 2023

In LEI	Nota	<u>31-December 2023</u>	<u>31-December 2022</u>
Long-term Assets			
Tangible assets	10	75.233.022	35.462.326
Intangible assets	10	11.891	38.348
Total long-term assets		<u>75.244.913</u>	<u>35.500.674</u>
Current assets			
Stocks	11	38.514.768	37.712.651
Trade receivables and other receivables	4	8.109.489	11.285.249
Cash and cash equivalents	4	639.274	105.728
Total current assets		<u>47.263.531</u>	<u>49.103.628</u>
Total Assets		<u>122.508.444</u>	<u>84.604.302</u>
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	73.200.189	32.369.908
Result for the period	6	(9.407.257)	(8.916.275)
Result reported	8	(18.317.119)	(9.024.687)
Total Capital		<u>71.750.578</u>	<u>40.212.729</u>
Long term loans			
Trade payables	4	15.084.376	3.207.735
Loans	4	7.386.225	21.043
Other debts	4	16.226.177	5.537.551
Provisions	9	202.457	214.337
Income in advance	4	774.626	872.964
Total long-term liabilities	4	<u>39.673.861</u>	<u>9.853.630</u>
Current liabilities			
Trade payables	4	1.202.844	12.743.007
Loans	4	0	8.279.953
Other liabilities	4	6.700.168	7.926.247
Income in advance	4	3.180.993	5.588.736
Total current liabilities		<u>11.084.005</u>	<u>34.537.943</u>
Total debts		<u>50.757.866</u>	<u>44.391.573</u>
Total equity and liabilities		<u>122.508.444</u>	<u>84.604.302</u>

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Statement of comprehensive income**For Accounting Reporting at 31 December 2023**

In LEI	Note	<u>31-December</u>	<u>31-December</u>
		<u>2023</u>	<u>2022</u>
Income	12	28.422.343	43.565.867
Income from operating subsidiaries	12	-	-
Other income	12	1.201.084	235.250
Other gains/ (loss) -net	12	11.880	5.880
Income cost of inventories of finished goods and production in progress	12	(125.317)	(857.046)
Expenses with raw materials and consumables	12	(11.015.752)	(18.791.128)
Asset depreciation and amortization expense	12	(1.656.549)	(1.776.313)
Employee benefits expense	12	(18.574.060)	(23.476.440)
Contributions to Social security and insurance of employees	12	(920.249)	(849.154)
Expenses with external supply	12	(3.209.306)	(3.803.285)
Other expenses	12	(3.154.493)	(2.026.531)
Operating profit /(loss)	12	<u>(9.020.419)</u>	<u>(7.772.900)</u>
Financial income	12	416.476	558.557
Financial expenses	12	803.314	1.701.932
Profit / (loss) financial activity		<u>(386.838)</u>	<u>(1.143.375)</u>
Profit / (loss)before tax	6	<u>(9.407.257)</u>	<u>(8.916.275)</u>
Profit / (loss) of period - net	6	<u>(9.407.257)</u>	<u>(8.916.275)</u>
Total consolidated income for the period		<u>(9.407.257)</u>	<u>(8.916.275)</u>
Earnings per Share	6	<u>(1,75)</u>	<u>(1,66)</u>
Number of shares	6	<u>5.365.459</u>	<u>5.365.459</u>



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Statement of Changes in Equity For Accounting Reporting at 31 December 2023

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
Reclassification From revaluation at Reported result	8	-	-	-	-	-	1.695.609	1.695.609
Result reported from correction of errors		-	-	-	-	-	(381.603)	(381.603)
Net Profit of period	6	-	-	-	-	-	(8.916.275)	(8.916.275)
Transfer between Equity accounts		-	-	-	(1.695.609)	-	-	(1.695.609)
Balance at 31 December , 2022		13.413.648	3.453.860	2.001.592	29.737.183	631.133	(9.024.687)	40.212.728

In LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
Balance at 01 January 2023		13.413.648	3.453.860	2.001.592	29.737.183	631.133	(9.024.687)	40.212.728
Reclassification From revaluation at Reported result	8	-	-	-	-	-	1.102.142	1.102.142
Result reported from correction of errors		-	-	-	-	-	-	-
Net Profit of period	6	-	-	-	-	-	(9.407.257)	(9.407.257)
Transfer between Equity accounts Reclassification		-	-	-	(1.102.142)	-	-	(1.102.142)



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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Reserves from revaluation of fixed assets- buildings- revaluation report 31.12.2023		-	-	-	41.932.423	-	-	41.932.423
Result reported after calcul of accessories budget- credal mass		-	-	-	-	-	(987.317)	(987.317)
Balance at 31 December 2023		13.413.648	3.453.860	2.001.592	70.567.464	631.133	(18.317.119)	71.750.577

Statement of cash flows

For Accounting Reporting at December 31 2023

	<u>31-December</u> <u>2023</u>	<u>31-December</u> <u>2022</u>	<u>31-December</u> <u>2021</u>	<u>31-December</u> <u>2020</u>
lei				
Net profit for the year	(9.407.257)	(8.916.275)	330.324	(11.615.826)
Expenses related to profit tax	-	-	-	-
Depreciation / impairment of long-term assets	1.656.549	1.776.313	2.228.405	2.476.994
Expenses with assigned assets	484.091	285.904	32.000	843.485
Active disposal income	(539.574)	(154.042)	(169.439)	(252.563)
Adjustments for impairment of	-	-	-	1.077.744
Revenue / (expense) related to current value adjustments	-	-	-	2.693.898
Interest expenses	(406.492)	(885.177)	(517.998)	(605.349)
Interest income	7.820	1.536	1.681	2.701
Gain / (loss) from exchange rate	11.656	262.247	170.669	(26.455)
Movements in working capital	1.214.050	1.286.781	1.745.318	6.210.455
Increase / (decrease) in trade receivables and other receivables	(3.172.390)	(475.132)	(5.562.835)	4.130.449
Increase / (decrease) in other current	(3.370)	(202)	(1.492)	(686)
Increase / (decrease) in inventories	802.117	3.256.062	6.379.529	(5.789.020)
Increase / (decrease) in trade payables	(336.478)	(2.990.559)	(10.814.183)	7.008.127
Increase / (decrease) in deferred revenue	(98.338)	(970.153)	1.350	2.500
Increase / (decrease) other liabilities	9.462.547	1.506.809	1.241.026	(6.671.369)
Cash used in operating activities	6.654.088	326.825	(8.756.605)	(1.319.999)
Profit tax paid	-	-	-	-
Interest paid	(406.492)	(885.177)	(517.998)	(605.349)
Cash generated from operating activities	(1.945.611)	(8.187.846)	(7.198.961)	(7.330.719)
Net cash from investing activities	(151.463)	(241.315)	(436.928)	(651.489)
Payment in cash for the purchase of fixed assets	(151.463)	(241.315)	(436.928)	(651.489)
Net Cash from funding activity	2.630.620	8.176.126	6.708.333	7.297.358
Cash repayments of borrowings	(389.070)	(1.005.938)	(1.005.938)	(1.005.938)
Cash collected from loans and credits	3.019.839	9.182.306	7.714.313	7.263.645
Receipts from subsidies for the payment of staff in technical unemployment	-	-	-	1.039.945



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Dividends paid	(149)	(242)	(42)	(294)
Net Increase / decrease in cash and cash equivalents	533.546	(253.035)	(927.556)	(684.850)
Cash and cash equivalents at beginning of period	105.728	358.763	1.286.318	1.971.169
Cash and cash equivalents at end of period	639.274	105.728	358.763	1.286.319
Increase / decrease in net cash and cash equivalents	533.546	(253.035)	(927.556)	(684.850)

The financial statements were approved by the Special Administrator- General Director and were authorized to be issued on 26.04.2024.

NOTES TO INDIVIDUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 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 year ended on 31.12.2023.

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 – USA.

Description of the Company's business.

SC "UZTEL" S.A. Ploiesti was founded in 1904 having an experience of over 115 years in the main activity: designing, manufacturing, repairing, selling on domestic and international market parts, assemblies and oil equipment and manufacture forgings and moulded 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.

UZTEL Company S.A. Ploiesti's main objective is increasing the market share on production efficiency by improving responsiveness to customer requests, the range of products and services offered the creation of joint companies for joint venture and opening commercial offices in areas of interest in the industry in operating.

Decisions with immediate effect will generate visible changes on short term as:

- conduct permanent auditing processes and logistics to minimize time and cost of production;
- implementation of program of "Change Management" that will help in the creation and implementation of new visions, strategies and initiatives to support medium and long duration of action;
- comparative evaluation (integration, outsourcing) costs not affect the core business, as well as those that affect a small proportion;
- optimization of decision-making information.

Decisions on permanent optimization and cost control generate visible effects and evaluated in regular activity of the company, among which we can mention:

- operational costs are subject to a continuous optimization process production expense are planned and regularly checked
- staff resizing according to functional categories and depending on workload;
- reducing costs that are not directly related to sales (guard services, telephony, transport, etc.)
- fully optimized operating cost structure, adapted to the new market conditions that will sustain profitable growth in the future.

Permanent decisions on boosting sales generated and generate visible effects and evaluated the company's activity, among which we can mention:

- redefining the range of products, focusing on products and keeping only the most popular products with fast motion (for slow moving products are not considered stocks);
- implementation of training programs for the sales department employees-tender;-
- full range of integrated products and services for its customers and to initiate a program of service for international clients through partners;
- building a team to promote interdepartmental (focused on improving brand perception sensitive and significant);-
- rethinking marketing strategy of the company and social responsibility.

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significant);–

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The permanent decisions regarding the optimization of all the processes of the company have, had and will have visible and evaluable effects through the values of the key indicators of the company, by reducing and streamlining the costs and will allow the management decisions based on financial information - accounting updated in real time.

The core of the current strategy consists in positioning the client in the centre of company interests and maximizing potential profitability of existing customers, and the potential ones and increase turnover and thus the sales volume of the company.

The company UZTEL S.A. it is a viable and mobile economic system, optimally dimensioned, it is a rectifiable enterprise that has the capacity to continue its productive activity.

The company has an integrated production with local design skills, applies high technologies according to the product specifications API and EC standards. The Department of Environmental Quality S.S.M., using modern laboratories and procedures, ensures compliance with international standards ISO-14001-2015, ISO 9001-2015, ISO 45001/2018 and API Q1 specification.

UZTEL continuously maintains and improves the quality management system "SMC" ISO 9001: 2015 and API Spec. Q1, integrated with the environmental management system according to ISO 14001 and the occupational health and safety system according to ISO 45001, certified by GR EUROCERT SRL Ploiesti, to ensure the quality of the products against the background of the environment and to create a safe and healthy working climate at work.

2. BASIS OF PREPARATION OF INDIVIDUAL FINANCIAL STATEMENTS IAS 1.12

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 financial statements have been prepared using the standards and interpretations issued on December 31, 2022, based on the accounting policy manual in effect at that date. As part of the process of transition to IFRS, the Company also prepared the necessary financial statements to provide comparative information for the financial year ended December 31, 2023. For the preparation of the annual financial statements based on IFRS, the Company proceeded to the inventory of the elements

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 prepared in accordance with the historical cost convention except for 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.

Special Administrator – General Director undertakes his responsibility for elaboration of the financial statements at 31.12.2023 and acknowledges that they are conforming to the applicable accounting rules and the company has a continuous functioning under the provisions of Law concerning the procedures for preventing the insolvency and insolvency, in the current geopolitic context which generates unpredictable commercial and economic events.

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.

The Company does not apply IFRSs issued and not in force on 31.12.2023, cannot estimate the impact of non-application of these provisions on the individual financial statements, but intends to apply these provisions once they enter into force.

c. Ongoing activity

The financial statements have been prepared under ongoing business principle assumption

Through the application filed on 15.03.2023 at the role of Prahova Court at number 1223/105/2023, Uztel S.A. asked the syndic judge to open the general procedure of insolvency based on the Decision of the Board of Directors no. 54/13.03.2023. By the conclusion passed in the session of 13.04.2023 in the cause no. 1223/105/2023 filed on the role of Prahova Court, the syndic judge ordered opening the procedure of general insolvency of Uztel S.A. Through the application entered, Uztel S.A. acknowledged its intention of reorganisation of the activity, taking in account that owns the materia, reliable manufacture technologies , orders and skilled staff , functioning for a long time and it is known as a reference company on national and international environment.

Causes that led to the 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;
- Negative evolution of macroeconomic indicators (inflation, budget deficit, decrease in foreign investments, increase in 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 Company's management analyzed the forecasts regarding the future of the operational activity, highlighting, at least for the year 2023, a volume of income ensured by the performance of some existing contracts, but also reasonable certainty of contracting some works. UZTEL S.A. is one of the most important manufacturers of oil



equipment, also providing repair services in this field, a field that has an unpredictable perspective in the current conditions in Romania, when large European and global companies will start exploiting oil and natural gas deposits. UZTEL S.A. Ploiesti joins other large national and international oil companies that report unexpected commercial and financial results due to the volatility/instability of the demand for oil in the conditions where the population is facing the effects caused by the post-coronavirus pandemic, the energy crisis and the geo-political conflict at the border. There is a global surplus of oil reserves for which there is a significantly reduced demand due to the restrictions generated by the energy crisis and the sanctions imposed following the geo-political conflict.

Based on the analyzes carried out, the Special Administrator - General Director confirms that the company 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 financial statements based on this principle, with the comment that the activity will be resized/compressed according to the requirements of the relevant market..

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. 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.



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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.

The accounting policies have been applied consistently to all periods presented in the financial statements prepared in accordance with IFRS.

In the process of applying the Company's accounting policies, management has made estimates for adjustments for impairment of uncertain receivables and inventories that have an effect on the values in the individual annual financial statements to change those in previous years.

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 December 31, 2023 are as following:

<u>Currency</u>	<u>31 December 2023</u>
1 Euro	4,9746 lei
1 USD	4,4958 lei

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.



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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.

Trade receivables

Accounts receivable and similar accounts include invoices issued and uncollected at the date of reporting at face value and estimated receivables related to sales, services provided, which are initially recognized at fair value plus directly attributable trading 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 31.12.2023.

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: assignment / discount of invoices, 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 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.

Tangible fixed assets that are scrapped or sold are removed from the statement of financial position together with the corresponding accumulated depreciation. The gains or losses following the disposal are equal to the net proceeds obtained from the disposal (less the disposal expenses), from which the book value of the asset is deducted. They are recognized as expenses in the profit and loss account.



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 19 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 31.12.2023 technological equipment, measuring, control, and adjustment, transportation, furniture and office equipment with a net book value of 5.559.736,31 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 has chosen, through accounting policies for the property, plant and equipment class, to apply IAS 16.34 and to perform the accounting revaluation of property, plant and equipment with sufficient regularity to ensure that the carrying amount does not differ too much from what would have been determined by using the right value at the balance sheet date.

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.

**UZTEL S.A.****OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS**

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	Book net value	Fair value	Difference
An 2011	37.848.508,91	33.181.183,00	- 4.667.325,91
An 2013	29.005.259,62	31.448.397,00	+ 2.443.137,38
An 2022	10.267.592,74	-	-
An 2023	9.460.591,51	53.819.566,25	+44.358.974,74

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 2013 - 2022 by 18.737.666,88 lei, while the fair value in 2013 decreased compared to the fair value in 2011 by 1.732.786,00 lei. On 31.12.2023, the company recorded in the accounting records the adjusted value entered in the Revaluation Report of the buildings - industrial halls located in the property, report drawn up by ANEVAR member. Following these records, on 31.12.2023, the accounting value of the class of buildings - industrial halls increased compared to the accounting value in the amount of 7,847,000.31 lei (the inventory value from which the calculated depreciation was eliminated) by 41,932,081.69 lei, registering a fair value according to the revaluation report the amount of 49,779,082 lei, an increase that was recorded through the reserve account from revaluation of constructions in the amount of 41,932,423.39 lei and through the expenses regarding the revaluation of tangible assets in the amount of 341,70 lei.

Technological equipment, technical installations, machines, furniture and office

	Book net value	Fair value	Difference	lei
Year 2007	14.960.673,69	19.580.900,00	+ 4.620.226,31	
Year 2022	6.436.927,15	-	-	
Year 2023	5.559.736,31	-	-	

The total net book value of the technological equipment, technical installations, cars, furniture and office equipment decreased on account of the depreciation between 2007 – 2023 by 9.400.937,38 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:

	<u>Service life (years)</u>
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.



Assets in progress and land are not depreciated. Investments in progress are not depreciated until commissioning. Assets' residual values and useful lives are reviewed and adjusted, if necessary, at each statement of financial position date. If expectations differ from previous estimates, the change must be accounted for as a change in an accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

The accounting value of an asset is written down immediately to its recoverable amount if the carrying amount exceeds the estimated recoverable amount.

i. Assets acquired by leasing

IFRS 1 does not include any exception to the retrospective application of IAS 17. Entities will need to consider leases at the date of transition to IFRS and classify them according to IAS 17. Certain operating leases may be reclassified into the category of finance leases. In this case, the entity recognizes that the date of passing to IFRS the asset leased with related depreciation, liability duty assessed under IAS 17 and impute to earnings any difference.

Under IAS 17 leases in which the Company assumes all the risks and rewards of ownership are classified as finance leases. Tangible assets acquired through finance leases are stated at least between the market value and the present value of future payments, less accumulated amortization and impairments of value. Lease payments are recorded in accordance with accounting policy. Fixed assets acquired in finance leases are depreciated over their lifetime.

On 31.12.2023 the Company does not hold assets bought by leasing.

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j. Intangible assets

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 end year .Changes is 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 estimates . Amortization expense of intangible assets with useful lives determined is recognized in profit and 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 regulation cannot be acquired through exchange of assets , wich 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, labour 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

Dividends

According to IAS 10, the Company may pay dividends only from the distribution of the statutory profit, taking into account the financial statements prepared according to the Romanian accounting principles. Dividends are recognized as a liability 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

Revenue recognition

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, revenues are 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 customer 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 customer 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 adjustment can be made. However, since the contractual periods for most of the contracts coincide with the calendar years for which the annual financial statements are prepared 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 relations, 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 performance 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 fulfills 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 customer controls as the asset is created or improved.

Performance obligations fulfilled at a specific time

If Uztel SA fulfills 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 analyzed, 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 (i.e., 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.

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 during 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.

On 31.12.2023 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 payment.

Income tax rate used to calculate the current and deferred income tax at December 31, 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.

Application of these amendments had no effect upon the annual statements of the company *Income tax*.

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 not yet adopted by the U.E.

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 lease debt is initially measured at the amount of the lease payments due under the terms of the lease, reduced to the default rate in the contract, if this can be easily determined. If that interest cannot be determined, the tenant will use his interest on the loan. As with its predecessor IFRS 16, IAS 17, the parties classify leases as operating or financial. A lease is classified as a finance lease if it transfers all the risks and rewards of ownership. Otherwise, a lease is classified as an operating lease. For financial leasing contracts, the lessor recognizes the income during the contract period based on a model that reflects a constant periodic rate of return on net investment. A lessor recognizes operating lease payments as linear income or, if deemed more representative, depending on how the benefits from the use of the asset diminish. IFRS 16 is valid for annual periods beginning on or after 1 January 2019. IFRS 16 replaces existing leasing instructions, including IAS 17 Leasing, IFRIC 4 *Determining the extent to which a commitment contains a lease*, SIC-15 *Operating leasing - Incentives* and SIC-27 *Assessing the economic value of transactions involving the legal form of a contract leasing*. Earlier 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 tenants and requires companies to bring most leases into balance sheets in a single model, eliminating the distinction between operational and financial leases. In accordance with IFRS 16, a contract is or contains a lease where 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 right to lease. Assets with the right to use are depreciated and the debt generates interest. This will result in higher expenses at the beginning of the lease, even if the tenant pays constant rents. The tenant'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 does not have ongoing leases and there are no implications for the application of this standard.

- *IFRS 17 Insurance contracts* - applicable for annual periods beginning on or after January 1, 2021,
- *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, 2019. Amendments 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 beginning on or after January 1, 2019 - Long-term interest in associates and joint ventures - Amendments have been introduced to clarify that an entity applies IFRS 9 including its impairment requirements, term interest in a partnership or joint venture, but to which the method does not apply. equivalence. The amendments also delete paragraph 41 because the Board considered that it had repeatedly reiterated the requirements of IFRS 9 and created confusion regarding long-term interest accounting.
- *Amendments to IFRS 9 Financial Instruments - Changes in the basis for determining contractual cash flows as a result of the reform of the interest rate benchmark - adopted by the EU on 13 January 2021* - applicable for annual periods beginning on or after 1 January 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 applicable forms for annual periods beginning on or after January 1, 2019. The amendments clarify that: an enterprise re-evaluates its previous interest in a joint operation when it gains control of the business (IFRS 3); a company does not revalue its previous interest in a joint operation when it obtains joint control over the enterprise (IFRS 11); a company accounts for all taxable consequences of dividend income in the same way (IAS 12); and an enterprise treats, in general loans, any initial loan made to develop an asset when the asset is ready for its intended
- *Amendments to IAS 39 Financial Instruments: Recognition and Measurement* - adopted by the EU on 13 January 2021 - applicable for annual periods beginning on or after 1 January 2021.
- *Amendments to IFRS 7 Financial Instruments: Additional information to be provided regarding the reform of the EU interest rate benchmark* - adopted by the EU on January 13, 2021. An entity shall 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 beginning on or after January 1, 2021.
- *Amendamente la IFRS 16 Contracte de leasing* – aplicabil pentru perioadele anuale incepand cu sau dupa 1 ianuarie 2021.
- *IFRIC 23 Uncertainty about the treatments applied for corporate income tax* - adopted by the EU on October 23, 2018 (applicable for annual periods beginning on or after January 1, 2019). It may be unclear how the tax law applies to a particular transaction or circumstance or whether a tax authority will accept a company's tax treatment. IAS 12 Income tax specifies how current and deferred tax is accounted for, but not how it reflects the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements of IAS 12 specifying how to reflect the effects of uncertainty in accounting for income taxes.
- *IFRS 13 Valuation at fair value* – The standard defines fair value, provides guidance on how to determine fair value and requires the presentation of information related to it – with applicability from January 1, 2013.



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- IFRIC 20 Costs to be discovered in the production stage of a surface mine - applicable from January 1, 2023

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

Reconciliation between IFRS and accounting policies for previous financial years

On 31.12.2012, Uztel SA reconciled between IFRS and local accounting policies applicable to 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 provided 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 has prepared financial statements in accordance with IFRS, adopted by the EU, applicable for the financial years ended 31.12.2012, as well as the comparative data at the end of 2011 and 31.12.2011, respectively. For the preparation of these financial statements, the opening position of the financial position was prepared on January 1, 2011, the date of transition.

No reconciliation of the comprehensive income under IFRS 1 with the overall result determined by OMFP 3055/2009 was not identified, as no differences were identified between the overall result determined according to the local accounting principles applied for previous accounting periods and the overall result determined according to IFRS.

ESEF application for issuers listed on the regulated market in Romania

The Board of the Financial Supervisory Authority decided on March 17, 2021, to approve the Regulation on the obligation to issue by issuers whose securities are admitted to trading on a regulated market of annual financial statements in the single electronic reporting format, as a result of completion of the public consultation period and taking into account the publication in the Official Journal of the EU no. L68 of 26.02.2021 of Regulation (EU) 2021/337 of the European Parliament and of the Council of 16 February 2021 amending Regulation (EU) 2017/1129 regarding the EU prospectus for recovery and specific adjustments for financial intermediaries and the Directive 2004/109 / EC on the use of the single electronic reporting format for annual financial statements, in order to support the recovery from the Covid-19 crisis.

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.

2 Interest bearing loans

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

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 "Construction" class assets was carried out on 31.12.2023 by an ANEVAR authorized appraiser, using the cost approach, the method being chosen in accordance with SEV 430 - Valuations for financial reporting. For purposes other than that of use in financial situations, the adjusted value may be different from the market value. Considering the physical characteristics, the degree of specialization, the technical condition, the age and other aspects regarding the buildings/constructions, it was not possible to identify the necessary and sufficient data for the real estate market similar to the goods evaluated by the report..

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

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 2023 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



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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 report	Accounting report
	Ended ar	ended at
	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(lei)
Trade and other receivables	8.109.489	11.285.249

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 the amounts not collected at the negotiated terms are the subject of warnings and notifications sent to the company's internal and external clients.

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 accounts;
- 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**

At December 31, 2023, the company's trade receivables situation is as follows:

Receivables at 31.12.2023			lei
RECEIVABLES	Balance at 31.12.2023	Maturity	
		Less 1 year	Over 1 year
0	1 = 2 + 3	2	3
Total, of which:	8.109.489	7.968.437	141.052



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Domestic Client	4.424.691	4.424.691	-
External Client	2.064.779	2.064.779	-
Doubtful client, litigation	610.074	-	610.074
Salary advance	-	-	-
Suppliers' borrowers	378.140	378.140	-
Debtors	464.248	464.248	-
Other receivables (VAT not due, accrued expenses and settlement systems in operation during clarification)	636.579	636.579	-
Adjustments for impairment of client receivables	(469.022)	-	(469.022)

The amount 636.579 lei in the "other receivables" account refers to the amounts from account 4428 (VAT not due) = 340.050 lei ; account 4382 (other receivables – medical leave) = 286.999 lei; cont 471 (expenses in advance) = 1.973 lei and account 4412 (deferred profit tax) = 7.557 lei.

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

Trade receivables and other receivables	Balance at 31.12.2023	din care restante		
		31-90 days	91-120 days	91-120 days
1. Internal clients	4.424.691,17	255.256,63	28.176,43	2.555.387,09
2. External clients	2.064.779,19	-	-	2.064.779,19
3. Internal doubtful clients	610.073,86	-	-	610.073,86
4. Adjustment for depreciation	(469.022,17)	-	-	(469.022,17)
5. Debtor Suppliers	378.140,47	378.140,47	-	-
Net receivables	7.008.662,52	633.397,10	28.176,43	4.761.217,97

From the annual volume of sales made in 2023, amounting to 28.422.343 lei, the company's internal and external customers represent:

- internal clients amounting to 18.677.345 lei, a share of 65,71 % in turnover;
- external clients (USD) amounting to 2.397.665 lei, a share of 8,44 % in turnover;
- external clients (EURO) amounting to 7.347.333 lei, a share of 25,85 % in turnover.

	Accounting report at <u>31 December 2023</u> (lei)	accounting report at <u>31 December 2022</u> (lei)
Debts	46.599.790	37.715.536
Provisions for risks and debentures	202.457	214.337
Income recorded in advance	3.955.619	6.461.700

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Total debts**50.757.866****44.391.573**

- **Trade debts and other debts**

At 31 December 2023, the company's debts are as follows :

Liabilities at 31.12.2023				lei
LIABILITIES	Balance at 31.12.2023	Maturity		
		Less 1 year	1-5 years	Over 5 years
0	1 = 2 + 3 + 4	2	3	4
Total, of which:	49.884.901	10.985.666	38.899.235	-
Amounts owed to credit institutions	7.386.225	-	7.386.225	-
Advances received on account of orders	3.082.654	3.082.654	-	-
Trade debts - suppliers	16.287.220	1.202.844	15.084.376	-
Other liabilities, including tax liabilities and social security liabilities	22.926.345	6.700.168	16.226.177	-
Provisions and income recorded in advance	202.457	-	202.457	-

The amount in the amount of 22.926.345 lei recorded in the account "Other debts, including fiscal debts and debts regarding social insurances" refers to:

- the amounts from account 462 (various creditors - rescheduling agreements) = 529.113 lei;
- account 457 dividends = 1.007.874 lei;
- total current salary debts = 1.752.976 lei , of which pending salary debts included in the preliminary table of receivables published in BPI no. 10429/19.06.2023 in sum of 403.500 lei ;
- total budget debts = 19.636.372 lei, of which pending budget debts in sum of 14.297.742 lei, included in the preliminary table of receivables published in BPI nr. 10429/19.06.2023.

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 judge-syndicate 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 request, the company Uztel S.A. , expressed his intention to reorganize the activity, considering that he has the entire material basis necessary for the reorganization of the activity, having in this sense the necessary experience, reliable manufacturing technologies, orders, as well as qualified personnel, having been carrying out his activity for a long time of time, being in this sense known nationally and internationally.



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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

lei

Trade debts and other debts	Balance at	from which overdue		
	31.12.2023	31-90 zile	91-120 zile	> 120 zile
1. Internal suppliers	14.371.968,48	774.332,39	19.786,66	13.246.707,53
2. External suppliers	1.916.683,82	79.014,86	-	1.837.668,96
3. Customer creditors	3.082.653,59	-	-	-
Net liabilities	19.371.305,89	853.347,25	19.786,66	15.084.376,49

From the total amount of 15.084.376,49 lei representing commercial debts, overdue commercial debts in the amount of 14.423.364,05 lei were entered in the preliminary table of claims published in B.P.I no. 10429/19.06.2023 in the unsecured claims category

From the annual volume of acquisitions made in 2023, amounting to 20.225.691,72 lei the company's internal and external suppliers represent:

- internal suppliers amounting to 19.445.851,98 lei, a share of 96,14 % in total purchase;
- external suppliers (USD) amounting to 590.099,70 lei, oa share of 2,92 % in total purchase;
- external suppliers (EURO) amounting to 189.740,04 lei, a share of 0,94 % in total purchase.

Guarantee of bank loans:

Bank loans granted through contracts no. 7793/4 and 7793/5 dated 23.01.2019 are guaranteed with real estate mortgages. The most recent valuation for banking purposes was performed in April 2023 by the company Terraval Valuation and Property Management SRL, authorized appraiser, accredited member of ANEVAR, the market value of the mortgaged real estate being 31.337.661 lei.

For these mortgaged buildings, the insurance policy CCPJ series, 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 by real estate mortgage contracts authenticated with the conclusion 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 ceiling granted to the company by Additional Act no. 1 / 27.06.2019 to contract no. 7993/5 of 23.01.2019.



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Interest rate risk

Operating cash flows of the Company are affected by changes in interest rates. The Company does not use financial instruments to protect against interest rate fluctuations.

Accounting report at Accounting report at

	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(lei)
Inyterest paid	406.492	885.177

Liquidity risk

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

Accounting report at Accounting report at

	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(lei)
Cash and availability on demand	639.274	105.728
Total cash and equivalent	639.724	105.728

The liquidity of the bank system was not sufficient for the economic needs, the national currency depreciated , the intra- bank interest ratethe market risk and the liquidity risk has an impressive ascendant evolution over 2020 – 2023 , and impeded the company's business.

Devises risk

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

Accounting report at Accounting report at

	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(lei)
Result from exchange rate variation	11.656	(262.246)

Market risk

The current global liquidity crisis, which began in mid-2019, has resulted in, among other things, a low level of capital market financing, low levels of liquidity in the banking sector and, occasionally, higher rates on interbank lending and very high volatility. high stock market.

Uncertainties in the international financial markets have determined significant influences in the Romanian market as well. These had a double influence on the company: a decrease in the assets held and the volumes of activity. At present, the full impact of the current financial crisis is impossible to fully anticipate and prevent.

The management cannot reliably estimate the effects on the Company's financial position, further decline in the liquidity of financial markets and increased volatility of the national currency exchange rate and market indices.

The economic, commercial and financial effects of the "energy crisis" and the geo-political conflict were felt in the company's activity in 2023 by decreasing production (low demand), decreasing revenues and increasing stocks



of finished products (available to customers for renting). Most of the oil companies and drilling operators in the domestic and international market have reoriented their investment policy (purchases of oil equipment and machinery) by dividing it for economic and financial reasons into two components:

- Acquisitions of new oil equipment and machinery with diminished investment budgets;
- Rental of oil equipment and machinery with reduced investment budgets.

The decrease in sales volume was determined by the reduction of the volume of contracts and orders at the company level on the background of the evolution of the international and national epidemiological situation of the spread of SARS-CoV-2 coronavirus, corroborated with the sudden decrease of the oil barrel price.

The evolution of the international epidemiological situation determined by the spread of SARS-CoV-2 coronavirus in more than 150 countries, as well as the declaration of the pandemic by the World Health Organization on 11.03.2020 and Presidential Decrees on the establishment of a state of emergency and alert on the Romanian territory, as well as the prolongation of the state of alert throughout 2023 have determined phenomena and social, commercial, economic and financial phenomena independent of society and which cannot be controlled by it, which have led and will inevitably lead to an unavoidable negative impact regarding the volume of orders and commercial contracts related to the year 2023, of the achievement of the provided budgetary indicators.

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, because the preferences and orientations of consumers (internal and external customers), fluctuations in the price of a barrel of oil and the investment budgets of large oil companies and the size of competitors' offer are unpredictable. As a result, the company is currently experiencing instability in demand for oil equipment, sales and the price of a barrel of oil, which have generated fluctuations in domestic and international sales volume and, consequently, in cash flows generated by exploitation activity.

The management of the Company analysed the forecasts regarding the future of the operational activity, highlighting, at least for the period 01.01.2023 - 31.12.2023, a volume of entries ensured both by the development of existing contracts, but also by the reasonable certainty of contracting new works.

During 2023, the company faced difficulties in securing the volume of orders needed to operate in the context in which the international and domestic market was severely affected by the possible worst crisis in the last 100 years. The effects of the crisis have created difficulties in the chain in terms of:

- management of the situation caused by the coronavirus pandemic and isolation measures;
- variation of crude oil prices;
- the drastic decrease of the demand for oil equipment;
- the commercial activity of selling / bidding the company is hampered by: travel bans, global cessation of oil equipment auctions, volatile oil price exchange rates, price reductions requested by major national and international drilling companies, breaking supply chains - sale of national and international companies.

All this has led to a drastic reduction in investment spending in the mining and drilling sector and has had a negative impact on the activity of equipment companies, leading to a significant decrease in turnover.

Operational risk



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Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the company's processes, personnel, technology and infrastructure, as well as external factors, such as those arising from the company's customer requirements to increase the quality of products and services offered.

The operational risks come from all the operations carried out by the company. The main responsibility for managing operational risks lies with the company's management, which has identified and controlled a number of operational risks in order not to affect the company's ability to achieve its objectives, namely:

- providing products and services according to the explicit and implicit quality requirements of the clients through the organization, planning and permanent monitoring of the commercial orders / contracts;

- improving the management of human resources by reducing the risks regarding the lack of qualified personnel and by maintaining and developing the professional competencies of all employees.

The company cannot control all the risks, nor is it possible, from the perspective of the costs / resources involved, but it has managed and controlled, which is really a priority, the significant / strategic risks

EQUITY

Share capital

The share capital of SC UZTEL S.A. at 31 December 2023 worth 13.413.647,50 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. 7084 dated 06.03.2024, the situation of shareholders at 31.12.2023 is as follows:

Shareholder	Nmb. of shares held	share %
UZTEL Association	4.498.300	83,8381
Legal Entities	447.203	8,3349
Natural Person	419.956	7,8270
TOTAL	5.365.459	100,0000

All shares are common, were subscribed and paid in full at 31 December 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. Once this level has been reached, the company can make additional allocations only from the net profit.

At 31 December 2023 the Company establishes legal reserve amounting to 2.001.592 lei.

accounting report at	accounting report at
<u>31 December 2023</u>	<u>31 December 2022</u>
(lei)	(lei)



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Legal reserves	2.001.592	2.001.592
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At 31.12.2023 the company did not established a legal reserve.

Other reserves

	Accounting report at	Accounting report at
	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(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 70.567.464 lei at 31 December 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;
- construction – industrial buildings – revaluation on December 31 , 2023 ;
- technological equipment, technical installations, machinery, furniture and office equipment - revaluation on 31.12.2007.

	Accounting report at	Accounting report at
	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(lei)
Reserves from revaluation	70.567.464	29.737.183

The revaluation reserve decreased in 2023 by the amount of 1.102.141,67 lei capitalizing the revaluation surplus and reserves highlighted in the fiscal register, as follows:

- Value of 481.319,27 lei representing capitalization surplus from revaluation for tangible fixed assets out of the record by scrapping or sale during the year 2023;
- Value of 620.822,40 lei representing revaluation reserves highlighted in the fiscal register in 2023;

The revaluation reserve increased in 2023 cby the value of 41.932.423,39 lei worth the difference between the net book value and the fair value according to the revaluation reportof buildings – industry halls issued on 31.12.2023.

6. RESULT FOR THE PERIOD

Result for the period

At the end of period of 2023 the Company recorded the following results:

- **Gross result from operational activity** decreased from (7.772.900) lei at 31.12.2022 to (9.020.419) lei at 31.12.2023, that means a significant decrease compared to the same period of 2022;
- **The gross result from the financial activity** increased from (1.143.375) lei at 31.12.2022 lto(386.838) lei at 31.12.2023 , that means a significant increase compared to the same period of 2022;



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- **The gross / net result of the financial year** decreased from (8.916.275) lei at 31.12.2022 to (9.407.257) lei at 31.12.2023, that means a significant increase compared to the same period of 2022.

Although the global crisis that affected the oil field had a negative impact on the production of Uztel S.A. (turnover in 2023 decreased against 2022 by 34,76 %), the company's management made efforts to carry out the activity in conditions of continuity.

	Accounting report at	accounting report at
	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(lei)
Net result (lei)	(9.407.257)	(8.916.275)
Common shares	5.365.459	5.365.459
Earnings per share (lei)	(1,75)	(1,66)

Dividends

In 2023 the Company made payments amounting to 148,93 lei, representing net dividends due to shareholders for the years 2003, 2005, 2006, 2007 and 2008, as follows:

e) Pay 1st quarter	lei 126,18
f) Pay 2nd quarter	22,75

On 31.12.2023 Uztel SA has registered in account 457 (Dividends to be paid) the amount of 1.007.874,37 lei representing dividends due to shareholders for the years 2003 - 2008.

The company did not set up and did not pay dividends for the period 2011 – 2023

7. PROFIT TAX

	Accounting report at	Accounting report at
	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(lei)
Gross book value	(9.407.257)	(8.916.184)
Items assimilated to revenue	481.319	845.421
Established legal reserve	-	-
Non-taxable Income	(12.155)	(6.298)
Non-deductible expenses	1.684.954	1.743.019
Profit / (Fiscal Loss)	(7.253.139)	(6.334.042)



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Profit tax on result	-	-
Profit tax due	-	-
Net profit / (Net loss)	(9.407.257)	(8.916.184)

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.

The accounting result on 31.12.2023, in the amount of (9.407.257,09) lei, highlighted in account 121 - "Profit or loss" is transferred in January 2024 to account 1171.01 - "Carried forward result - loss".

Thus, the accounting loss highlighted in account 1171.01 - "Retained earnings - loss" will be 42.242.011,81 lei.

In the course of 2023, fixed assets were removed from the accounting records through scrapping or sale, for which the surplus from the revaluation was transferred from "Reserves from revaluation" to the "Result carried forward representing surplus realized from reserves from revaluation" account, in the amount of 481.319,27 lei.

We propose that after the approval by the General Meeting of Shareholders of the Note of substantiation of the proposal regarding the partial coverage of the accounting loss from the carried forward result representing the surplus from revaluation reserves for fixed assets (equipment) sold / scrapped during 2022-2023, in the amount of 1.326.740,14 lei. Thus, after carrying out this accounting operation, the net accounting loss of the company will be in the amount of (40.915.271,67) lei, (loss for 2017: (10.975.913,42) lei, loss in 2020 (11.615.826,38) lei) , loss in 2022 (8.916.274,78) lei) and loss in 2023 (9.407.257,09) lei), to be recovered according to Art. 19 para. (4) from the Accounting Law no. 82 / 1991 with subsequent amendments and additions

- - *"The carried forward accounting loss is covered by the profit for the financial year and the carried forward one, from reserves, capital premiums and share capital, according to the decision of the general meeting of shareholders".*

The fiscal loss recorded at the end of 2023, established by the annual profit tax declaration, in the net amount of (7.253.139,28) lei, will be accumulated with the fiscal loss recorded on 31.12.2022 in the net amount of (23.309.800) lei .

The total fiscal loss recorded on 31.12.2023 by Uztel SA Ploiesti will be (30.562.939,28) lei.

8. REPORTED RESULT

The result carried forward represents the cumulative result of the Company. As of December 31, 2023, the Company has a deferred result recorded in the amount of (18.317.119) lei.

Accounting report at	Accounting report at
<u>31 December 2023</u>	<u>31 December 2022</u>
(lei)	(lei)



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Reported result	(18.317.119)	(9.024.687)
Common shares	5.365.459	5.365.459
Earnings per share (lei)	(3,41)	(1,68)

9. PROVISIONS

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

	Accounting report at <u>31 December 2023</u> (lei)	Accounting report at <u>31 December 2022</u> (lei)
Provisions for disputes	202.457	214.337

10. FIXED 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 2023	16.217.332	30.954.447	36.809.890	166.042	2.520.113	20.363	86.688.187
Increases	-	41.932.423	-	-	-	-	41.932.423
Outputs	423.051	19.067.304	765.219	-	54.144	-	20.309.718
Balance at 31 December 2023	15.794.281	53.819.566	36.044.671	166.042	2.465.969	20.363	108.310.892
Accrued depreciation							
Balance at 01 January 2023	-	20.686.855	30.408.635	130.371	-	-	51.225.861
Depreciation of period	-	807.000	809.313	7.178	-	-	1.623.491
Outputs (depreciation)	-	19.066.962	704.520	-	-	-	19.771.482
Balance at 31 December 2023	-	2.426.893	30.513.428	137.549	-	-	33.077.870



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Adjustments

Balance at 01 January 2023	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance at 31 December 2023	-	-	-	-	-	-	-

Net book value

Balance at 01 January 2023	16.217.332	10.267.592	6.401.255	35.671	2.520.113	20.363	35.462.326
Balance at 31 December 2023	15.794.281	51.392.673	5.531.243	28.493	2.465.969	20.363	75.233.022

In the period January 1 - December 31, 2023, the total value of the increases recorded in the accounting records for the "Buildings and constructions" class was 41.932.423,39 lei representing: the difference between the net book value at 31.12.2023 and the fair value according to the Valuation Report no . 18/februarie 2024 for buildings – industrial halls.

In the period January 1 - December 31, 2023, the total value of the decreases recorded in the accounting records for the "Land" class was 423.048,62 lei representing the sale of intra city land with a total area of 4.687 mp .

In the period January 1 - December 31, 2023, the total value of the decreases recorded in the accounting records for the "Buildings and constructions" class was 19.067.303,91 lei representing value of depreciation removed at 31.12.2023 for the category buildings- industrial halls, scrap and reduction of value for records for fair value according to Revaluation report no. 18/februarie 2024.

In the period January 1 - December 31, 2023, the total value of the decreases recorded in the accounting records for the "Machines and equipment" class was 765.218,94 lei, representing Output of fixed assets by scrapping and sale.

– Intangible assets

	Development expenditures	Other intangible assets	Intangible assets in progress	Total
Cost	Lei	Lei	Lei	Lei
Balance at 01 January 2023	186.892	875.757	-	1.062.649
Inputs	-	6.600	-	6.600
Outputs	-	-	-	-
Balance at 31 December 2023	186.892	882.357	-	1.069.249
Accrued depreciation				



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Balance at 01 January 2023	164.764	859.537	-	1.024.301
Depreciation of year	15.562	17.495	-	33.057
Dereciation of outputs	-	-	-	-
Balance at 31 December 2023	180.326	877.032	-	1.057.358
Balance at 01 January 2023	22.128	16.220	-	38.348
Balance at 31 December 2023	6.566	5.325	-	11.891

Between January 1 and December 31, 2023, the company acquired intangible assets worth 6.599,39 lei, representing:

- ESET Endpoint antivirus license, worth 1.700 lei ;
- Software Update License&Support Oracle Database Standard Edition One Processor Perpetual nov 2022-nov 2023, worth 4.899,39 lei .

11. INVENTORY

By comparison, the stocks are presented as follows:

INVENTORY	<u>31-December</u>	<u>31-December</u>
În LEI	<u>2023</u>	<u>2022</u>
Raw material	861.144	935.646
Additional material	282.676	270.865
Fuels	216	5.082
Packaging materials	1.395	1.395
Spare parts	2.350.403	2.224.139
Other consumables	160.107	160.404
Inventory items	220.591	234.679
Products in progress	9.256.669	12.916.350
Semi- manufactured	2.992.265	2.316.741
Finished product	5.344.081	4.536.936
Difference of price of finished products	16.052.027	13.927.255
Packing	825	730
Residual products	248	15.360
Total	37.522.647	37.545.582
Advances to purchases assets such as stocks	992.121	167.069
Total General Inventory	38.514.768	37.712.651

12. INCOME FROM THE COMPANY'S BASIC ACTIVITY

The turnover for the year 2023 in the amount of 28.422.343 lei was obtained from the following business segments:

- the turnover for the production activity is in the amount of 27.691.945,17
- the turnover for the service activity is in the amount of 375.247,17

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- the turnover for the trade activity is in the amount of 355.150,74

The turnover for the year 2022 amounting to 43.565.867 lei was obtained from the following business segments:

- the turnover for the production activity is in the amount of 42.992.649,43
- the turnover for the service activity is in the amount of 283.590,15
- the turnover for the trade activity is in the amount of 289.626,99

lei

OPERATING INCOME**31-December**
2023**31-December**
2022

	<u>31-December</u> <u>2023</u>	<u>31-December</u> <u>2022</u>
Total operating income, of which:	29.498.110	42.944.071
Turnover	28.422.343	43.565.867
Income related to the cost of finished product stocks and production in progress	(125.317)	(857.046)
Other operation revenues	1.201.084	235.250

OPERATING EXPENSES**31-December**
2023**31-December**
2022

	<u>31-December</u> <u>2023</u>	<u>31-December</u> <u>2022</u>
Total operating expenses, of which:	38.518.529	50.716.971
Expenditure on raw materials and consumables	6.999.468	14.042.447
Other material expenses	409.486	607.362
Other external expenses	3.471.009	4.034.362
Goods Expenses	135.789	107.270
Trade discounts received	0	313
Staff cost	19.494.309	24.325.594
Value adjustments on intangible assets, tangible assets, real estate investments and biological assets at cost	1.656.549	1.776.313
Other operating expense	6.363.799	5.829.816
Adjustments for provisions	(11.880)	(5.880)

FINANCIAL REVENUE**31-December**
2023**31-December**
2022

	<u>31-December</u> <u>2023</u>	<u>31-December</u> <u>2022</u>
Total financial revenue, of which:	416.476	558.557
Income from exchange rate fluctuations	405.426	553.617
Interest income	7.820	1.536
Other financial income	3.230	3.404

FINANCIAL EXPENSES**31-December****31-December**



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2023

2022

Total financial expenses, of which:	803.314	1.701.932
Interest expenses	406.492	885.177
Other expenses	396.822	816.755

CASH FROM OPERATING ACTIVITY

	<u>31-December</u> <u>2023</u> lei	<u>31-December</u> <u>2022</u> lei	<u>31-December</u> <u>2021</u> lei	<u>31-December</u> <u>2020</u> lei
Net result of year	(9.407.257)	(8.916.275)	330.324	(11.615.826)
Profit tax cost	-	-	-	-
Depreciation / impairment of long-term assets	1.656.549	1.776.313	2.228.405	2.476.994
Expenses with assigned assets	484.091	285.904	32.000	843.485
Active disposal income	(539.574)	(154.042)	(169.439)	(252.563)
Adjustments for impairment of receivables	-	-	-	1.077.744
Revenue / (expense) related to value adjustments in respect of current assets	-	-	-	2.693.898
Interest expenses	(406.492)	(885.177)	(517.998)	(605.349)
Interest income	7.820	1.536	1.681	2.701
Gain / (loss) from exchange rate differences	11.656	262.247	170.669	(26.455)
Movements in working capital	1.214.050	1.286.781	1.745.318	6.210.455
Increase / (decrease) of trade receivables and other receivables	(3.172.390)	(475.132)	(5.562.835)	4.130.449
Increase / (decrease) in other current assets	(3.370)	(202)	(1.492)	(686)
Increase / (decrease) of inventory	802.117	3.256.062	6.379.529	(5.789.020)
Increase / (Decrease) of trade receivables	(336.478)	(2.990.559)	(10.814.183)	7.008.127
Increase / (Decrease) Revenue Received in Advance	(98.338)	(970.153)	1.350	2.500
Increase / (Decrease) of other debts	9.462.547	1.506.809	1.241.026	(6.671.369)
Cash used for operation	6.654.088	326.825	(8.756.605)	(1.319.999)
Profit tax paid	-	-	-	-
Interest paid	(406.492)	(885.177)	(517.998)	(605.349)
Cash generated by operating activity	(1.945.611)	(8.187.846)	(7.198.961)	(7.330.719)

13. 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.



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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 analysed 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 rental locations;
- Income din sale of goods

Report on operation segments at the end of 31 December 2023:

Report on operating segment at 31 December 2023	Value (lei)	Share of total income %
Income from the sale of finished products - internal	18.033.992,41	58,25
Income from the sale of finished products - external	9.657.952,76	40,58
Income from finished products and products in progress	(125.317,00)	(1,97)
Income from services rendered	360.432,44	0,30
Income from rental	14.814,73	0,35
Income from sale of goods	355.150,74	0,67
Total	28.297.026,08	98,18

Report on operation segments at the end of 2022 is as follows:

Report on operating segment at 31 December 2022	Value (lei)	Share of total income %
Income from the sale of finished products - internal	25.338.377,66	58,25
Income from the sale of finished products - external	17.654.271,77	40,58
Income from finished products and products in progress	(857.046,00)	(1,97)
Income from services rendered	132.664,35	0,30
Income from rent	150.925,80	0,35
Income from sale of goods	289.626,99	0,67
Total	42.708.820,57	98,18

14. TRANSACTIONS WITH AFFILIATED PARTIES

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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).

During the financial year 2023, the following commercial transactions were carried out in the nature of acquisitions of goods and services with independent legal entities (companies) that did not influence the position and financial performance of the company and were concluded under normal market conditions.

a) Sales of finished products and services:

<u>Entity name</u>	<u>Sales in 2023</u>	<u>Sales in 2022</u>
	<u>lei</u>	<u>lei</u>
Axon SRL Ploiesti	85.174,96	12.402,31
Ipsar SRL Valeni de Munte	21.991,20	65.870,78

b) Acquisition of goods and service:

<u>Denumire Entitate</u>	<u>Acquisitions 2023</u>	<u>Acquisitions 2022</u>
	<u>lei</u>	<u>lei</u>
Axon SRL Ploiesti	195.949,67	528.884,52
Platus Com SRL Campina	34.814,06	51.863,70
Romconvert SA Ploiesti	-	36.604,40
Titancore SRL Ploiesti	-	305.402,91

<u>Entity name</u>	<u>Acquisitions 2023</u>	<u>Acquisitions 2022</u>
	<u>usd</u>	<u>usd</u>
Shabum International LTD Tel Aviv	-	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. 82 paragraph (1) 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 31.12.2023, by the legal entities in their capacity as members of the Uztel Association, as follows:

<u>Legal entity name</u>	<u>% money fund owned in Asociatia UZTEL</u>
Axon SRL Ploiesti	0,7380
Ipsar SRL Valeni de Munte	0,3255
Platus Com SRL Campina	0,6090
Titancore SRL Ploiesti	4,2191
<u>Legal entity name</u>	
Shabum International LTD Tel Aviv	0,2640

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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, production and IT).

	<u>2023</u>	<u>2022</u>
Gross salary paid	2.625.893 lei	4.455.755 lei

15. OTHER INFORMATION*(1) Fees of auditors*

In 2023, the Company's expenses related to the fees paid to auditors amounted to 222.854 lei , with the following component:

Statutory Auditor	lei
- Lexexpert Audit SRL Galati	30.833,00
Internal auditor	
- Fin Consult Audit SRL Ploiesti	30.000,00
Audit of ESEF application situations	
- Unit Vision SRL Bucuresti	17.614,38
Auditors for certification of quality management systems and products (lei
- GR Eurocert SRL Ploiesti Romania	19.490,09
- ND U Test SRL Buzau	4.394,08
	usd
- American Petroleum Institut Washington USA	25.558,71
- Techstreet – Clarivate Analytics LLC Canada	551,00

(2) Expenses with wages for personnel

	Accounting report at	Accounting report at
	<u>31 December 2023</u>	<u>31 December 2022</u>
	(lei)	(lei)
Expenses with wages for personnel	18.574.060	23.476.440

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

(3) Average number of employees at December 31, 2023 , developed as bellow:

Accounting report at	Accounting report at	<u>31 December</u>
	<u>2023</u>	<u>31 December 2022</u>
Average number of employees	217	293

(4) Financial guarantees granted / received by the company

In 2023, the company did not grant or receive financial guarantees

(5) Insurance policies held by the company



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The company holds on 31.12.2023 the insurance police SIGNAL IDUNA Asigurari series CCPJ nr. 23062234736 for 12 months, valid from 23.06.2023 until 22.06.2024, representing fire and other risks insurance for a declared value of 23.445.571 lei a a number of 26 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.

(6) 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 02.10.2019, reviewed in 17.12.2021, valid with annual visa for the production of assemblies, subassemblies, oil machinery and installations and industrial service, recovery of recyclable industrial waste, water collection, treatment and distribution, painting.
- Water management authorization no.. 143 from 17.08.2022 valid until 01.09.2025.

Company constantly and sustainably pays 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, 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 maximum imposed limits.

The program of measures for the year 2023 has been 100% completed.

The proposed actions focused on waste management, emissions and immissions, drinking and wastewater, noise and soil.

Dangerous substances and chemical preparations have been purchased, stored, handled and used in accordance with the legislation in force, according to the safety data sheets.

(7) 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 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 groups of workers (labour disputes) with former employees.

Insolvency procedeengs 8 files

Labor Disputes (labor groups, special conditions, claims, dismissal appeal) 64 dosare

In order to recover the receivables from legal or natural persons, the company proceeded to issue notifications, summonses or amicable settlement in order to settle the dispute.

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

**16. 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 2020 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 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. 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.

UZTEL S.A. Ploiesti joins other large national and international oil companies that report commercial and financial results due to the instability/fluctuations in oil demand in the conditions where the population is affected by the effects of the pandemic, and the companies' activity was/is being resized due to the energy crisis and the geo conflict - political from the border of the country.



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The Company's management believes that the application of the ongoing business assumption in preparing the financial statements of financial position description is correct, given the dominant position on the market and oil and natural gas in the national economic system.

17. THROUGHOUT THE INSOLVENCY PROCEEDINGS

Through the application registered on 15.03.2023 before the Prahova Court under no. 1223/105/2023, the company Uztel S.A. requested the judge-syndicate 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 request, the company Uztel S.A. , expressed his intention to reorganize the activity, considering that he has the entire material basis necessary for the reorganization of the activity, having in this sense the necessary experience, reliable manufacturing technologies, orders, as well as qualified personnel, having been carrying out his activity for a long time 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 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;
- Negative evolution of macroeconomic indicators (inflation, budget deficit, decrease in foreign investments, increase in 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 .

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 Andrei Ioan IPURL Ploiesti.

COMPANY'S BOARD OF DIRECTORS

In accordance with the legal provisions in force, respectively Law 31/1990 amended and updated, the management of the company was provided during 01.01.2023 – 25.05.2023 dby 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

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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 lead the company under the supervision of the Judicial Administrator

For the period 01.01.2023 – 31.12.2023, the total remunerations of the Board of Directors of the Company represented a percentage of 1.20% of the salary fund, specifying that these allowances were accounted for in the period 01.01 – 25.05.2023 because the Board of Directors was suspended according to the provisions of law no. 85/2014 on the insolvency procedure..

THE EXECUTIVE MANAGEMENT OF THE COMPANY - during 01.01.2023 – 31.12.2023 recorded the following component in the exercise of management duties, as follows:

PERIOD 01.01.2023 - 31.12.2023			
SURNAME,GIVEN NAME	POSITION	PERIOD	DECISION/DATE OF ISSUE
Dumitru Paul – George	General Director	26.05.2023 – 31.12.2023	C.I.M. nr. 1387/25.05.2023
Anghel George Marinelo	General Director General, Head of Commercial Dept.	01.01.2023-25.05.2023	C.M. 02/09.01.2020
		01.08.2023 – 31.10.2023	Additional Act / 07.2023
Sighiartau Dan Petru	Commercial Director, Head of Commercial Dept.	01.01.2023-25.05.2023	Decizia nr. 49/09.02.2021
		26.05.2023 – 31.07.2023	Additional Act / 05.2023
Voica Alin Marian	Technical Director, Head of Technical Dept.	01.01.2023-25.05.2023	Decision 184 / 12.12.2019
		26.05.2023 – 31.12.2023	Additional Act / 05.2023
Popescu Ileana	Economic Director , Head of Economic Dept.	01.01.2023-25.05.2023	Decision 592 / 30.11.2010
		26.05.2023 – 31.12.2023	Additional Act /05.2023
Voicu Mariana	Manager of SSM, Head of SSM Dept.	01.01.2023-25.05.2023	Decision 64/05.04.2018
		26.05.2023 – 31.12.2023	Additional Act / 05.2023

For the period 01.01.2023 - 31.12.2023 the total remuneration of the executive management of the Company represented a percentage of 6,46 % of salary fund.

Events after the balance sheet date



Based on the information that the company holds so far, the shareholding structure has not changed until the date of issuance of these financial statements. S

ocietatea Uztel a identificat evenimente care au aparut intre data bilantului contabil incheiat la 31.12.2023 si data la care situatiile financiare sunt autorizate pentru depunere. Aceste evenimente furnizeaza informatii aditionale cu privire la conditii care existau la data bilantului sau cu privire la anumite conditii aparute dupa inchiderea bilantului anului 2023, dupa cum urmeaza:

1. Uztel has identified events that occurred between the balance sheet date ended 31.12.2023 and the date on which the financial statements are authorized for submission. These events provide additional information regarding the conditions that existed at the balance sheet date or regarding certain conditions that appeared after the closing of the 2022 balance sheet, as follows:

1. In 2023, UZTEL SA carried out its activity in conditions of continuity in accordance with the provisions of OMFP 2844/2016 regarding the accounting regulations compliant with the International Financial Reporting Standards and the provisions of the Law 85/2014 related to the insolvency proceedings.

The decrease in the volume of orders and contracts negatively influenced the cash flow and generated the accumulation of budget and trade debts.

After the closing date of the financial year on 31.12.2023, the uncertainties and risks in the economic, commercial and financial environment remain high nationally and internationally. Even if the impact of the pandemic on economic activity has diminished over time, further application of measures to limit the spread of the disease and the prolonged shortage of staff could affect economic activity. These measures could also affect the operation of supply and sales chains for a longer period than expected.

- Starting with 01.01.2023, the inflation forecasts have been revised considerably upwards compared to the forecasts for the fourth quarter of 2022. They reflect the effects of very high energy and gas prices which will lead to a significant and unpredictable increase in energy costs. utilities in total operating expenses of the company.
- The outbreak in February 2022 of the geo-political conflict on the border of Romania and the energy crisis led to major imbalances in the purchase and sales chains with immediate unfavorable consequences in treasury flows and, implicitly, in the accumulation of salary and commercial debts and the non-fulfillment budgetary indicators provided for the year 2023.
- The economic (commercial and financial) instability of the company determined by the reduced volume of sales on the internal and external market, delays in the collection of receivables, resulted in delays in paying the commercial debts of suppliers of raw materials, materials, utilities and services.
- The challenges of 2024: continuously increasing prices for raw materials and materials, higher bank interest rates, high utility bills (energy and gas) will affect the pressure on salary increases and on maintaining a high volume of sales in physical and value units in order to achieve the performance objectives estimated by the budget of revenues and expenses.

The Uztel company makes every effort to continue the production activity under conditions of its reorganization/restructuring in accordance with the provisions of Law no. 85/2014 regarding the procedures for preventing insolvency and insolvency and resizing the number of employed personnel depending on the volume



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of orders and commercial contracts negotiated with internal and external clients and the winning of internal and international auctions in the oil equipment market.

Special Administrator – General Director,

Dumitru Paul – George

Economic Department,

Popescu Ileana

Undersigned, Maria Coman, sworn interpreter and translator for the English and French languages under the license no. 5886/2001 of 11 December 2001 issued by the Ministry of Justice of Romania, certify the accuracy of the translation done from Romanian to English language that the text presented has been fully translated, without omissions, and that the translation did not distorted document content and meaning.

The document whose translation is required in full was issued by SC UZTEL SA , Ploiesti city, Romania and presented me completely .

SWORN INTERPRETER AND TRANSLATOR





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SUBSTANTIATION NOTE

of the proposal to cover accounting losses

on 31.12.2023

In the financial year ended on December 31, 2023, the company UZTEL SA Ploiesti registered a net accounting loss in the amount of (9.407.257,09) lei.

The result carried over from previous years is an accounting loss in the amount of (32.834.754,72) lei.

Thus, the accounting loss will be in the amount of 42.242.011,81 lei, distributed over the years as follows:

- loss related to the year 2017, in the amount of (12.302.653,56) lei;
- loss related to the year 2020, in the amount of (11.615.826,38) lei;
- loss related to the year 2022, in the amount of (8.916.274,78) lei.;
- loss related to the year 2023 , in the amount of (9.407.257,09) lei .

According to the provisions of art. 19 para. 4 of the Accounting Law no. 82/1991 republished and updated, art. 176 para. (1) and (2) dim OMFP no. 2844/2016, normative act taken into account when preparing the financial statements, the coverage of the accounting loss from the reserve arising from the revaluation is allowed as follows:

„Art. 176. - (1) The carried forward accounting loss is covered from the profit of the financial year and the carried forward one, from reserves, capital premiums and share capital, according to the decision of the general meeting of shareholders or associates, observing the legal provisions.

(2) In the absence of express legal provisions, the order of the sources from which the accounting loss is covered is within the competence of the general meeting of shareholders or associates, respectively of the board of directors. ”



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The use of the revaluation reserve is regulated by art. 210 para. (3) of Law no. 31/1990 regarding the commercial companies as follows:

" (3) - The favorable differences from the revaluation of the patrimony will be included in the reserves, without increasing the share capital."

From the analysis of the normative text, we notice that there is a prohibition for using the favorable difference from revaluation as a source of increase of the share capital, but the revaluation surplus can be used to: cover accounting losses from previous years, distribution to shareholders when earning condition, retention on account of reserves within equity.

On 31.12.2023, the company has registered in account 1175 *"The carried forward result representing the surplus realized from revaluation reserves"*, the amount of 16.829.677,99 lei, composed as follows:

- reserves related to the surplus from the revaluation of tangible fixed assets (land, buildings, equipment and technical installations) removed from the record between January and December 2023 through scrapping and sale, in the amount of 481.319,27 lei, the amount that was included in the tax base as income-like element;
- reserves related to the surplus from the revaluation of tangible fixed assets (land, buildings, equipment and technical installations) removed from the record between January and December 2022 through scrapping and sale, in the amount of 845.420,87 lei, the amount that was included in the tax base as income-like element;
- reserves related to the surplus from the revaluation of tangible assets (buildings, industrial equipment and machinery, office equipment) in the amount of 15.502.937,85 lei highlighted in the tax register through the quarterly transfer from the revaluation reserve accounts according to depreciation as non-deductible expenses.

It is proposed to the General Meeting of Shareholders to cover the loss from the carried forward result representing the surplus realized from the revaluation, as follows::

1175	=	1171.01	1.326.740,14 lei
Retained earnings		Retained earnings-loss	
representing surplus			
made from revaluation			



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reserves

After the approval of these accounting operations, the net accounting loss of the company will be in the amount of (40.915.271,67) lei, as follows:

- loss in 2017 in the amount of (10.975.913,42) lei;
- loss in 2020 in the amount of (11.615.826,38) lei;
- loss in 2022 in the amount of (8.916.274,78) lei,
- loss in 2023 in the amount of (9.407.257,09) lei ,

to be recovered according to Art. 19 para. (4) from the Accounting Law no. 82 / 1991 with subsequent amendments and additions

„The carried forward accounting loss is covered from the profit of the financial year

and the carried forward one, from reserves, capital premiums and share capital, according to the decision of the general meeting of shareholders”.

Special Administrator – General Director,

Dumitru Paul – George

Head of Economic Department,

Popescu Ileana

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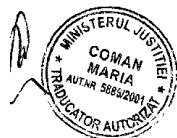
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Statement of the company UZTEL S.A. on compliance with the Corporate Governance Code for 2023

Provisions of Corporate Governance Code	Conformity	Partial or total non-conformity	Reason of non-conformity
A.1. All companies must have an internal regulation of Board of Directors that includes the terms of reference and responsibilities of the Board and the key management functions of the company, and which applies inter alia the general principles in Section A.	X		
A.2 Provisions for managing conflict of interest should be included in the Board Regulation. In any case, Board members must notify the Board of any conflicts of interest that have arisen or may arise and refrain from participating in the discussions (including through non-attendance, unless the failure would impede the formation of the quorum) and to the vote for a decision on the issue giving rise to the conflict of interest.	X		
A.3 The Board of Directors must be composed of at least five members.		X	The Board of Directors was suspended on 25.05.2023 by appointing the Special Administrator according to the provisions of the law no. 85/2014
A.4 Most members of the Board of Directors should not have an executive function. At least one member of the Board of Directors must be independent in the case of Standard Category companies. Each independent member of the Board of Directors must file a statement at the time of his nomination for election or re-election, as well as when any change of status occurs, indicating the elements on the basis of which he is considered to be independent in terms of his character and judgment and the following criteria.	X		
A.4.1 He/she is not the General Director / Chief	X		



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Executive Officer of the company or a company controlled by it and has not held such a position for the past five (5) years			
A.4.2. He/she is not an employee of the company or a company controlled by it and has not held such a position for the past five (5) years;	X		
A.4.3. He/she does not receive and did not received any additional remuneration or other benefits from the company or a company controlled by it, other than those that are in the position of non-executive director;	X		
A.4.4. He/she is not or was not an employee or has not or did not have during the previous year a contractual relationship with a significant shareholder of the company, a shareholder controlling over 10% of the voting rights, or with a company controlled by it;	X		
A.4.5. He/she does not have and did not have a business or professional report with the company or a company controlled by it, either directly or as a client, partner, shareholder, member of the Board / Administrator, general manager / executive director or employee of a company if, by virtue of its substantive nature, this relationship may affect its objectivity;	X		
A.4.6. He/she is not and has not been for the past three years the external or internal auditor or partner or associate employee of the current external financial auditor or the internal auditor of the company or a company controlled by it;	X		
A.4.7. He/she is not the general manager / executive director of another company where another general manager / executive director of the company is non-executive;	X		
A.4.8. He/she has not been a non-executive manager of the company for more than twelve years;	X		
A.4.9. He/she has no family ties with a person in the situations mentioned under A.4.1. and A.4.4.	X		



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<p>A.5 Other relatively permanent professional engagements and obligations of a member of the Board, including executive and non-executive positions in the Board of Non-Profit Societies and Companies, must be disclosed to potential shareholders and investors prior to nomination and during their term of office</p>	<p>X</p>		
<p>A.6 Any member of the Board must report the Board any relationship with a shareholder owning directly or indirectly shares representing more than 5% of all voting rights. This obligation refers to any kind of relationship that may affect the member's position on matters decided by the board.</p>	<p>X</p>		
<p>A.7 The Society shall designate a Board Secretary responsible for supporting the work of the Board.</p>	<p>X</p>		
<p>A.8 The Corporate Governance Statement will inform whether an evaluation of the Board has taken place under the direction of the President or the nomination committee and, if so, summarize the key measures and the resulting changes. The company must have a policy / guidance on the Board's assessment of the scope, criteria and frequency of the evaluation process.</p>	<p>X</p>		
<p>A.9 The Corporate Governance Statement should contain information on the number of meetings of the Board and committees over the past year, the administrators' participation, and a report by the Board and committees on their activities.</p>	<p>X</p>		
<p>A10 The corporate governance statement should contain information about the exact number of independent members of the Board of Directors.</p>	<p>X</p>		
<p>B. 1 The Board should set up an audit committee in which at least one member should be an independent non-executive administrator. Most members, including the President, must have proven that they have adequate qualifications relevant to the functions and responsibilities of the Committee. At least one member of the audit committee must have proven and appropriate</p>	<p>X</p>		



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audit or accounting experience.			
B.2 The Audit Committee Chairman must be an independent non-executive member.	X		
B.3 In its responsibilities, the audit committee must conduct an annual review of the internal control system.	X		
B.4 The assessment should take into account the effectiveness and scope of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Board by the audit committee, the promptness and effectiveness with which executive management addresses the identified weaknesses or weaknesses Following internal control and submission of relevant reports to the Board's attention.	X		
B.5 The Audit Committee shall assess the conflicts of interest in relation to the transactions of the company and its subsidiaries with affiliated parties.	X		
B.6 The audit committee should assess the effectiveness of the internal control system and risk management system.	X		
B.7 The Audit Committee should monitor the application of generally accepted legal standards and internal audit standards. The audit committee must receive and evaluate audit team reports.	X		
B.8 Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they should be followed by periodic reports (at least annually) or ad hoc reports to be submitted to the Board.	X		
B.9 No shareholder may be granted preferential treatment over other shareholders in respect of transactions and agreements and concluded by the Company with its affiliated shareholders.	X		
B.10 The Board must adopt a policy to ensure that any company transaction with any of the Companies with which it has close relationships	X		



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with a value equal to or greater than 5% of the company's net assets (according to the latest financial report) is approved by the Board following a mandatory opinion of the Board's audit committee and fairly disclosed to shareholders and potential investors, to the extent that these transactions fall within the category of events subject to reporting requirements.			
B.11 Internal audits should be performed by a structurally separate division (internal audit department) within the company or by hiring an independent third party.	X		
B.12 In order to ensure the main functions of the internal audit department, it must report functionally to the Board via the audit committee. For administrative purposes and within management's responsibilities to monitor and mitigate risks, it must report directly to the General Director.	X		
C.1 The company must publish the remuneration policy on its website and include a statement on the implementation of the remuneration policy in the annual report during the annual period under review.	X		
D.1 The company must organize an Investor Relations Service - indicating to the general public the person or persons responsible or the organizational unit. In addition to information required by law, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:	X		
D1.1. The main corporate regulations: the constitutive act, the procedures regarding the general meetings of the shareholders;	X		
D1.2. Professional CVs of members of the company's governing bodies, other professional engagements of Members of the Board, including executive and non-executive positions on board of directors in companies or non-profit	X		



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institutions.			
D1.3. Current reports and periodic reports (quarterly, half-yearly and yearly) at least those under D.8 - including current reports including detailed information on non-compliance with the Code;	X		
D1.4. Information on general shareholders meetings: agenda and informative materials; The procedure for electing the members of the Board; The arguments supporting the nomination of candidates for the Board, together with their professional CVs; Shareholders' questions about the items on the agenda and the responses of the company, including the adopted decisions;	X		
D1.5. Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or limitation of the rights of a shareholder, including the deadlines and principles applied to such operations. Such information will be published within a timeframe that will allow investors to make investment decisions;	X		
D1.6. The name and contact details of a person who will be able to provide relevant information upon request;	X		
D1.7. Presentations of the company (eg, investor presentations, quarterly results, etc.), financial statements (quarterly, half-year, annual), audit reports and annual reports.	X		
D.2. The Company will have a policy on the annual distribution of dividends or other benefits to shareholders proposed by the Director General and adopted by the Board in the form of a set of guidelines that the company intends to follow on the distribution of net profit. The principles of the annual distribution policy to shareholders will be published on the company's website.	X		
D.3. The company will adopt a policy on forecasts, whether they are made public or not.	X		



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

243 MIHAI BRAVU St., code 100410, PLOIESTI , PRAHOVA-ROMANIA

Phone: + 40 / 0372441111 / int :143 ; +40 / 0372441108; E-mail: office@uztel.ro

FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro

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<p>The forecasts refer to quantified conclusions of studies aimed at determining the global impact of a number of factors for the upcoming period (the so-called hypotheses): by its nature, this projection has a high level of uncertainty; the actual results may differ materially from projections originally presented. The forecast policy will determine the frequency, timing and content of the forecasts. If published, the forecasts can only be included in the annual, half-yearly or quarterly reports. The forecasting policy will be published on the company's website.</p>			
<p>D.4. The rules of general shareholders' meetings should not limit the participation of shareholders in general meetings and the exercise of their rights. Changes to the rules will take effect at the earliest, starting with the next shareholders' meeting.</p>	X		
<p>D.5. External auditors will be present at the shareholders' general meeting when their rapporteurs are present at these meetings.</p>	X		
<p>D.6. The Board will present to the Annual General Meeting of the Shareholders a brief assessment of the internal control and management systems of significant risks, as well as opinions on matters subject to the decision of the general meeting.</p>	X		
<p>D.7. Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting on the basis of a prior invitation from the Board Accredited journalists may, also to participate in the general meeting of the shareholders, unless the President of the Board decides otherwise.</p>	X		
<p>D. 8. Quarterly and half-yearly financial reports will include information in both Romanian and English on key factors that influence changes in sales, operating profit, net profit and other relevant financial ratios, both quarterly To another, and from one year to another.</p>	X		
<p>D.9. A company will hold at least two meetings / teleconferences with analysts and investors each</p>		X	There were no transactions on



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year. The information presented on these occasions will be published in the investor relations section of the company's website at the date of the meetings / teleconferences.			the stock exchange
D.10. If a company supports different forms of artistic and cultural expression, sporting activities, educational or scientific activities and believes that their impact on the innate character and the competitiveness of society is part of its mission and development strategy, it will publish the policy with of its activity in this field.		X	It's not necessary

Special Administrator – General Manager ,

Dumitru Paul – George



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STATEMENT

According to the provisions of art.29 and art.30 of the Accounting Law no.82 / 1991 republished

The annual financial statements were prepared on 31/12/2023 for:

Entity: SC Uztel SA

County: 29-PRAHOVA

Address: PLOIESTI, STR.MIHAI BRAVU, NR. 243, tel.0372441111

Trade register number: J29 / 48/1991

Property form: 34-Stock companies

Main activity (code and denomination class CAEN): 2892 - Manufacture of machinery for extraction and construction.

Unique registration code: RO 1352846

The undersigned Dumitru Paul - George, according to art. 10 paragraph (1) of the accounting law no. 82/1991, having the capacity of Special Administrator - General Manager, assumes the responsibility for the preparation of the annual financial statements on 31/12/2023 and confirms the following:

- a) The accounting policies used in the preparation of the annual financial statements are in accordance with the applicable accounting regulations.
- b) The annual financial statements offer a faithful image of the financial position, financial performance and other information regarding the activity carried out.
- c) The legal entity carries on its activity under conditions of continuity according to the provisions of the Law no. 85/2014 .

Special Administrator – General Manager ,
Dumitru Paul – George

**INDEPENDENT AUDITORS REPORT
REGARDING
2023 INDIVIDUAL FINANCIAL STATEMENTS
OF UZTEL S.A. PLOIESTI**

TO

Shareholders of UZTEL S.A. PLOIESTI

OUR OPINIION

1. We have audited the financial statements of UZTEL SA. PLOIESTI ("the Company), with headquarters in Ploiesti city, 243 Mihai Bravu street, identified with fiscal code no RO1352846, which comprise the statement of financial position as of December 31, 2023, statement of the global result, statement of changes in equity and statement of cash flows for the financial year ended on this date and a summary of significant accounting policies and other explanatory information.

2. The financial statements are identified as follows:

- Total equity: 71.750.578 lei
- Net profit for the year (loss) : (9.407.257) lei

3. In our opinion, the annexed financial statements provide a faithful image of the financial position of the Company on December 31, 2023, as well as of the financial performance and cash flows for the completed financial year on this date in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") and OMFP 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards.

BASIS for OPINION

4. We conducted our audit in accordance with International Standards on Auditing ("ISA")., and., EU Regulation no 537 of the Parliament and of the European Council (hereinafter "Regulation") and Law no 162/2017 ("Law").Our responsibilities under these standards are described in detail in section "Auditor's responsibilities in an audit of the financial statements" of our report. We are independent of the Company according to the Code of Ethics of Professional Accountants (code of IESBA), according to the ethical requirements that are relevant to the audit of financial statements in Romania, according to the, including the Regulation and the Law and we have fulfilled our ethical responsibilities according to these requirements and according to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

HIGHLIGHTING SOME ASPECTS

Uncertainty related to business continuity

5. We draw your attention to Note 2 "Bases of preparing individual financial statements-Continuity of activity (c)". According to this note the company declares that "Special Administrator - General Manager confirms that the company will be able to continue its activity in the foreseeable future and therefore, the application of the business continuity principle is justified and appropriate for the preparation of financial statements based on this principle, with the mention that the activity will be resized/compressed according to the requirements of the profile market ". Note 17 also describes events after the balance sheet date that may affect the information presented on the balance sheet including business continuity. Thus, the company describes the possible impact of the increase in energy and gas prices on the operational expenses of the company and the possible impact created by the increase in prices of raw materials and materials & higher bank interest rates.

The state of war in Ukraine and the restrictive measures imposed on Russia and Belarus by the European Union implicitly affect the normal functioning of economic and financial activities, with a direct impact on financial mechanisms, which may lead to risk management difficulties and insurance /maintain normal conditions of activity of entities /companies in many fields of activity.

These economic implications may affect the financial statements, at the level of the following elements: the value of stocks, receivables and liabilities; the value of goodwill, intangible assets; contractual penalties for non-compliance with the terms and conditions

Although not explicitly mentioned in Note 17 about these aspects, the management of the company declares that "uncertainties and risks in the economic, commercial, environment, social and financial remain high nationally and internationally". The same note also talks about the fact that inflation forecasts have been revised considerably upwards compared to the quarter IV 2023 forecasts. They reflect the effects of very high energy and gas prices that will lead to a significant and unpredictable increase in utility costs in the total operational expenses of the company.

By the application registered on 15.03.2023 on the court of Prahova under no. 1223/105/2023 , Uztel S. A. asked the judge - syndic to open the general insolvency procedure , following the Decision of the Board of Directors no. 54/13.03.2023 . By the conclusion delivered at the meeting on 13.04.2023 in the file no. 1223/105/2023 pending before the Prahova Court, the syndic judge ordered the opening of the general insolvency procedure of the company Uztel S.A. By the request made , the company Uztel S.A., expressed its intention to reorganize the activity , considering that it owns the entire material basis necessary to reorganize the activity , having in this respect the necessary experience , reliable manufacturing technologies , orders , as well as qualified personnel , having been working for a long time , being in this sense known as a reference company at national and international level .

By Decision no. 2/25.05.2023 adopted by the Ordinary General Meeting of Shareholders of Uztel S.A. mr. Dumitru Paul George has been appointed as Special Administrator of the company for a period of 4 years starting with 25.05.2023 , who will lead the company under the supervision of the Judicial Administrator Andrei Ioan IPURL Ploiesti .

These events and the restrictions imposed in 2023, together with other aspects presented in Note 17, indicates the existence of significant uncertainty regarding the ability of the Company to continue its activity. Our opinion is not modified in relation to these aspects.

KEY AUDIT MATTERS

6. The key audit aspects are those aspects that, based on our professional reasoning, had the greatest importance for auditing the financial statements of the current period. These issues have been addressed in the context of audit of the financial statements as a whole and in the formation of our opinion on them, and we do not offer a separate opinion on these key issues.

Key audit matters	Our approach to the audit mission
<p>Recognition of income See note 12 "Incomes from the core business" The revenue recognition policy is set out in note 3 "Accounting policies-Venituri"</p> <p>According to the International Standards on Auditing, there is an implicit risk in revenue recognition, due to the pressure that management can feel about achieving the planned results.</p> <p>The main activity through which the Company realizes the revenues is the manufacturing of machinery for extraction and construction.</p> <p>Revenues are recorded at the time of their production and are final with their invoicing to the customer.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> - Assessment of processes and controls on the existence and accuracy of registered revenue; - Performing procedures to test that revenue is recorded in the correct period; - Testing on the basis of a sample of commercial rents by issuing letters of confirmation;

OTHER INFORMATION - Board of Directors' Report

7. Administrators are responsible for preparing and presenting other information. That other information shall include the Management Report but shall not include the financial statements and the auditor's report on them nor the non-financial statement.

Our opinion on the financial statements does not cover this other information, and unless explicitly stated in our report, we do not express any kind of insurance conclusion regarding these.

In connection with the audit of the financial statements for the financial year concluded on December 31, 2023, our responsibility is to read that other information and, in this respect, to read that other information, to assess whether that other information is significantly inconsistent with the financial statements, or with the knowledge we obtained during the audit, or whether it appears to be significantly distorted.

As regards the Administrators' report, we have read and report whether it has been prepared in all material respects in accordance with OMFP 2844/2016 For the approval of the Accounting Regulations in accordance with the international standards of financial reporting.

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

a) The information presented in the Report of the Administrators for the financial year for which the financial statements were prepared is consistent in all significant aspects with the financial statements annexed;

b) The management report was prepared, in all significant aspects, in accordance with the OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the financial year ended on December 31, 2023, we are required to report whether we have identified significant distortions in the Administrators' report. We have nothing to report on this.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

8. The Company's management is responsible for preparing the financial statements that provide a loyal image in accordance with the OMFP 2844/2016 For the approval of the Accounting Regulations in accordance with the international standards of financial reporting and for the internal control that management deems necessary to allow the preparation of financial statements without significant distortions, caused by either fraud or error.

9. In preparing the financial statements, the management is responsible for assessing the Company's ability to continue its activity, for presenting, if necessary, the, a matters relating to business continuity and the use of accounting on the basis of business continuity, unless the management either intends to liquidate the Company or to stop operations, or, or it has no realistic alternative outside of them.

10. The persons responsible for governance are responsible for supervising the Company's financial reporting process.

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

11. Our objectives are to obtain reasonable assurance as to the extent to which financial statements as a whole are free from significant distortions caused by either fraud or error, as well as in issuing an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISA will always detect a significant distortion if it exists. Distortions can be caused by either fraud or error and are considered significant if it can be reasonably expected that they, individually or cumulatively, will influence the economic decisions of users, including, taken on the basis of these financial statements.

12. As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of financial statements caused by either fraud or error, we design and execute audit procedures in response to those risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a significant distortion caused by fraud is higher than that of not detecting a significant

distortion caused by error, because fraud may involve secret, false, intentional omissions, or, making false statements and avoiding internal control.

- We understand the internal audit control relevant to the design of audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management.
- we formulate a conclusion on the adequacy of the use of accounting by management based on business continuity and determine, based on the audit evidence obtained, the, if there is significant uncertainty about events or conditions that could give rise to significant doubts about the Company's ability to continue its work. If we conclude that there is significant uncertainty, we must draw the attention in the auditor's report to the related presentations in the financial statements or, if these presentations are inadequate, to the extent that they are, let's change our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease its activity on the basis of the principle of business continuity.
- we evaluate the presentation, structure and content of financial statements, including disclosures, and, and the extent to which financial statements reflect underlying transactions and events in a manner that results in a fair presentation.

13. We communicate to the persons responsible for governance, among other aspects, the planned area and the audit programming over time, as well as the main audit findings, including any significant deficiencies of internal control, which we identify during the audit.

14. We also provide governance responsible persons with a statement of our compliance with ethical independence requirements and communicate all relationships and other matters that may be considered, reasonably, that could affect our independence and, where appropriate, the related safety measures.

15. Of the aspects we communicated to the persons responsible for governance, we establish those aspects that had a greater importance in the audit on the financial statements of the current period and, therefore, the following, these are key audit issues. We describe these aspects in our audit report unless legislation or regulation prevents the public presentation of the matter or where, in extremely rare circumstances, the, we believe that one aspect should not be communicated in our report because it is reasonably expected that the benefits of the public interest will be outweighed by the negative consequences of this communication.

REPORT ON OTHER LEGAL AND REGULATORY PROVISIONS

Report on compliance with the provisions of Delegated Regulation (EU) 2018/815 of the European Commission, which includes regulatory technical standards on the single electronic reporting format.

16. We carried out a reasonable assurance mission on the compliance of the individual financial statements in XHTML format of Uztel SA Ploiesti ("Societatea") to 31.12.2023 ("XHTML") with the provisions of the Delegated Regulation (EU) 2018/815 of the European Commission, which sets out regulatory technical standards on specifying a single electronic reporting format ("RTS on ESEF").

Responsibility of the management of the Company for XHTML Situations prepared in accordance with the RTS regarding ESEF

The Board of the Company is responsible for preparing XHTML Situations according to the RTS on ESEF. This responsibility presupposes:

- ensure consistency between XHTML and financial statements prepared for submission to relevant authorities in accordance with Omfp 2844/2016;and
- design, implement and maintain relevant internal control for the preparation and presentation of XHTML Situations in accordance with the ESEF RTS that are free of significant distortions caused by fraud or errors.

Our responsibility

Our responsibility is to express, on the basis of the evidence obtained, a conclusion as to the extent to which XHTML Situations are consistent, in all material respects, with the RTS requirements on ESEF. Our reasonable assurance mission was carried out in accordance with the International Standard on Insurance Missions 3000 (revised) - Assurance missions other than audits or revisions of historical financial information ("ISAE 3000") issued by the International Audit and Insurance Standards Board. A reasonable assurance mission in accordance with ISAE 3000 requires procedures to be carried out to obtain evidence of compliance with the RTS on the ESEF. The nature, timing and extent of the procedures selected depend on the auditor's judgement, including the assessment of the risk of material deviations from the provisions laid down in the RTS on the ESEF, caused either by fraud, or, either by error. A reasonable assurance mission shall include:

- obtaining an understanding of the Company's drafting of XHTML Situations according to the RTS on the ESEF, and of the relevant internal controls;
- assessing whether the financial statements have been prepared in a valid XHTML format;
- reconciliation of XHTML statements with audited financial statements prepared by the Company in accordance with Omfp 2844/2016 for submission to the relevant authorities.
- We believe that the evidence obtained is sufficient and adequate to provide a basis for our conclusion.

Conclusion

In my view, the XHTML Situations for the financial year ended 31.12.2023 are in all material respects in line with the RTS requirements for the ESEF.

In this report we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding the financial statements. Our audit opinion on the individual financial statements of the Company for the financial year ended on 31.12.2023 is included in section „Report on the audit of individual financial statements“ above.

17. We have been appointed by the General Meeting of Shareholders to audit the financial statements of UZTEL SA. Ploiesti for the financial year ended on 31 December 2021/2022/2023. The total uninterrupted duration of our commitment is 3 years, covering the financial year ended on 31.12.2021/31.12.2022/31.12.2023.

We confirm that:

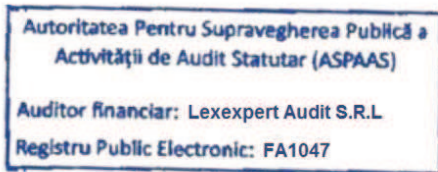
Our audit opinion is in line with the additional report presented to the Audit Committee of the Company, which we issued on the same date that we issued this report. In the course of our audit, we have also maintained our independence from the audited entity;

We have not provided the Company with the prohibited non-audit services referred to in Article 5 (1) of EU Regulation no 537/2014.

For and on behalf of LEXPERT AUDIT S.R.L. GALATI :

Galati, 8S1 Navelor street, Galati county

Registered with the Authority for Public Supervision of Statutory Audit Activity under no FA1047

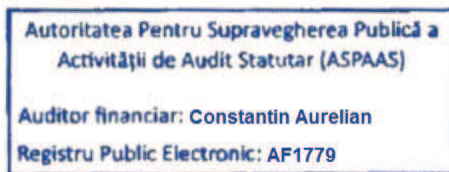


Audit partner

drd.jur.ec. Aurelian Constantin

Registered with the Authority for Public Supervision of Statutory Audit Activity under no AF1779

19 aprilie 2024



A handwritten signature in blue ink, written over a circular stamp. The stamp contains the text: "ROMANIA ROMANIA", "S.R.L.", "LEXPERT", "AUDIT", and "GALATI ROMANIA".