



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

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

INDIVIDUAL FINANCIAL STATEMENTS OF

SC UZTEL S.A. Ploiesti

AT 31.12.2020

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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Statement of the Individual Financial Position

for Accounting Reporting on December 31, 2020

In LEI	Note	<u>31-December 2020</u>	<u>31-December 2019</u>
Long-term assets			
Tangible assets	10	37.576.783	40.879.834
Intangible assets	10	68.052	80.115
Total long-term assets		<u>37.644.835</u>	<u>40.959.949</u>
Current assets			
Stocks	11	34.758.639	40.547.659
Commercial receivables and other receivables	4	5.245.588	9.376.723
Cash and cash equivalents	4	1.286.319	1.971.169
Total current assets		<u>41.290.546</u>	<u>51.895.551</u>
Total Assets		<u>78.935.381</u>	<u>92.855.500</u>
EQUITY AND LIABILITIES			
Capital and reserve			
Equity	5	13.413.648	13.413.648
Adjustments to the equity	5	3.453.860	3.453.860
Reserves	5	34.986.872	37.055.314
The result of the exercise	6	(11.615.826)	584.808
Reported result	8	(2.674.097)	9.398.635
Total Capital		<u>49.180.283</u>	<u>63.321.457</u>
Long-term debt			
Commercial debt	4	1.049.405	357.419
Loans	4	1.970.135	2.976.073
Other debts	4	6.091.007	-
Provisions	9	225.017	241.307
Total long-term debt	4	<u>9.335.564</u>	<u>3.574.799</u>
Current debts			
Commercial debt	4	6.747.158	13.392.009
Loans	4	8.269.583	6.967.761
Other debts	4	5.157.607	4.301.526
Prepayments	4	245.186	1.297.948
Total current liabilities		<u>20.419.534</u>	<u>25.959.244</u>
Total debts		<u>29.755.098</u>	<u>29.534.043</u>
Total equity and liabilities		<u>78.935.381</u>	<u>92.855.500</u>



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Statement of comprehensive income for Accounting Reporting on 31 December 2020

In LEI	Note	<u>31-December</u> <u>2020</u>	<u>31-December</u> <u>2019</u>
Income	12	35.278.237	63.506.667
Income from operation subsidies	12	1.039.945	-
Other income	12	262.531	2.084.942
Other income/ (loss) -net	12	(1.599.863)	6.747
Income cost of inventories of finished goods and Production in progress	12	(2.950.128)	9.291.097
Expenses with raw materials and consumables	12	(13.430.849)	(35.904.353)
Asset depreciation and amortization expense	12	(2.476.994)	(2.948.713)
Employee benefits expense	12	(21.042.713)	(25.654.912)
Contributions to Social security and insurance of employees	12	(769.106)	(780.178)
Expenses with external supply	12	(3.319.839)	(6.574.361)
Other expenses	12	(1.962.567)	(1.572.416)
Profit / loss from operation	12	<u>(10.971.346)</u>	<u>1.454.520</u>
Financial income	12	538.138	695.187
Financial expenses	12	1.182.618	1.564.899
Profit / loss from financial activity		<u>(644.480)</u>	<u>(869.712)</u>
Profit / (loss) before tax	6	<u>(11.615.826)</u>	<u>584.808</u>
Profit / (loss) for the period - net	6	<u>(11.615.826)</u>	<u>584.808</u>
Total consolidated income for the period		<u>(11.615.826)</u>	<u>584.808</u>
Earnings per Share	6	<u>(2,16)</u>	<u>0,11</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 on 31 December 2020

In LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from reassessment	Other reserves	Result reported	Total equity
Balance at 01 January 2019		13.413.648	3.453.860	1.955.836	36.170.003	631.133	7.112.169	62.376.649
Reserve Reclassification From Reassessment At reported Result	8	-	-	-	-	-	1.730.898	1.730.898
Legal reserve	6	-	-	29.240	-	-	(29.240)	-
Net Profit net of period	6	-	-	-	-	-	584.808	584.808
Transfer between Equity accounts	5	-	-	-	(1.730.898)	-	-	(1.730.898)
Balance at March 31 2019		13.413.648	3.453.860	1.985.076	34.439.105	631.133	9.398.635	63.321.457

In LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from reassessment	Other reserves	Result reported	Total equity
Balance at 01 January 2020		13.413.648	3.453.860	1.985.076	34.439.105	631.133	9.398.635	63.321.457
Reserve Reclassification From Reassessment At reported Result	8	-	-	-	-	-	2.068.441	2.068.441
Net Profit for the period	6	-	-	-	-	-	(11.615.826)	(11.615.826)
Reported result from the correction accounting errors		-	-	-	-	-	(2.525.347)	(2.525.347)
Transfer between equity accounts	5	-	-	-	(2.068.441)	-	-	(2.068.441)
Balance at 31 December 2020		13.413.648	3.453.860	1.985.076	32.370.664	631.133	(2.674.097)	49.180.283



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Individual statement of cash flows for the accounting report on 31 December 2020

	<u>31-December</u> <u>2020</u> lei	<u>31-December</u> <u>2019</u> lei	<u>31-December</u> <u>2018</u> lei	<u>31-December</u> <u>2017</u> lei
Net result for the year	(11.615.826)	543.176	783.882	(13.170.728)
Income tax expenses	-	-	-	-
Depreciation / impairment of long-term assets	2.476.994	2.948.713	3.504.520	4.743.779
Expenses with assigned assets	843.485	194.777	104.601	294.100
Active disposal income	(252.563)	(308.609)	(70.493)	(98.578)
Adjustments for impairment of receivables	1.077.744	-	-	(816.190)
Revenues / (expenses) related to value adjustments regarding current assets	2.693.898	-	-	1.104.659
Interest expenses	(605.349)	(696.285)	(371.361)	(240.349)
Interest income Gain / (loss) from exchange	2.701	3.468	4.435	6.316
Income tax expenses	(26.455)	(156.030)	20.470	20.234
Movements in working capital	6.210.455	1.986.034	3.192.172	5.013.971
Increase / (decrease) trade receivables and other receivables	4.130.449	4.609.905	(276.205)	2.461.019
Increase / (decrease) in other current assets	(686)	(2.022)	1.642	385
Increase / (decrease) stocks	(5.789.020)	(4.260.129)	(2.475.847)	4.092.118
Increase / (decrease) commercial debts	7.008.127	7.129.206	(652.153)	6.289.074
Increase / (decrease) income recorded in advance	2.500	-	-	-
Increase / (decrease) other debts	(6.671.369)	(3.077.948)	1.554.184	(2.412.926)
Cash used from operational activities	(1.319.999)	4.399.012	(1.848.379)	10.429.670
Profit tax paid	-	-	-	-
Interest paid	(605.349)	(696.285)	(371.361)	(240.349)
Cash generated from operating activities	(7.330.719)	6.231.937	1.756.314	2.032.564
Net cash from investment activities	(651.489)	(953.048)	(276.235)	(99.181)
Cash payment for the purchase of fixed assets	(951.489)	(953.048)	(276.235)	(99.181)
Net cash from financing activities	7.297.358	(4.638.377)	(1.920.900)	(1.406.990)
Cash repayments of loans and credits	(1.005.938)	(4.633.675)	(1.873.126)	(1.404.845)
Cash receipts from loans and credits	7.263.645	-	-	-
Receipts from subsidies for furlough payment	1.039.945	-	-	-
Dividends paid	(294)	(4.702)	(47.774)	(2.145)
Net increase / (decrease) in cash and cash equivalents	(684.850)	640.512	(440.821)	526.393



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Cash and cash equivalents at the beginning of the period	1.971.169	1.330.657	1.771.478	1.245.085
Cash and cash equivalents at the end of the period	1.286.319	1.971.169	1.330.657	1.771.478
Net increase / decrease in cash and cash equivalents	(684.850)	640.512	(440.821)	526.393

The financial statements were approved by the Board of Directors and were authorized to be issued on 28.04.2021



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NOTES TO INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED on 31 DECEMBER 2020

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 on 31.12.2018.

The company was organized as a joint stock company under *Law no. 15/1990 on the reorganization of state economic units as autonomous holdings and companies and the Government Decision no. 1213/20 November 1990*, act published in Official Gazette no. 13bis / January 21, 1991, operating under Law no. 31/1990 of the companies and its own statute.

The company is registered in the Trade Register related to Prahova Tribunal under no. J29 / 48/1991 and holds unique registration code - RO1352846.

The Company's core activity is the "Manufacture of machinery for mining, quarrying and construction" NACE classified code 2892.

As of May 22, 2008 the Company was admitted to trading on BSE category II with UZT symbol. Currently shares of UZT are traded.

In 2004, the company was privatized in PSAL I, by transferring shares held by the Romanian state to private shareholders, namely the Authority for State Assets Recovery balance the shareholding in the Company, equivalent to 76.8745% of the share capital at that time, to the consortium formed by association "UZTEL" and company ARRAY PRODUCTS CO.LLC – SUA.

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.



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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 and valuable results on short term, such 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 expenses 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;
- forming a team to promote interdepartmental (focused on improving brand perception sensitive and significant);
- rethinking marketing strategy of the company and social responsibility.

Permanent decisions on the optimization of all company processes have had and will have visible and evaluable effects through the values of key company indicators by reducing and streamlining costs and will allow for managerial decisions based on updated real time financial and accounting information.

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.

UZTEL Company S.A. is a viable and mobile economic system, optimally dimensioned, a company that has the capacity to continue the productive activity.

The company has an integrated production with local design skills, applies high technologies in accordance with API specifications and CE standards. The S.S.M. Environmental Quality Service, using modern laboratories and procedures, ensures compliance with the international standards ISO-14001-2015, ISO 9001-2015, ISO45001: 2018 and API specifications. UZTEL continuously maintains and improves the quality management system "SMC" ISO 9001: 2015 and API Spec. Q1, harmonized with the Environmental



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Management System and S.S.M. according to ISO 14001, ISO45001: 2018, integrated with environmental management systems, health and safety at work, certified by GR EUROCERT SRL PLOIESTI, to ensure product quality on the background of environmental protection and creating a safe and healthy working climate at the place for work

2. BASIS OF PREPARATION OF INDIVIDUAL FINANCIAL STATEMENTS IAS 1.112

a. *Statement of compliance with IFRS*

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

IAS 1.16 The Company has prepared the full set of financial statements prepared in accordance with the Order of Ministry of Public Finance n0. 881/2012 and the Order of Ministry of Public Finance no. 2844/2016 on the application of International Financial Reporting Standards ("IFRS") by companies whose securities are admitted to trading on a regulated market.

These financial statements have been prepared considering the ongoing business principle. Amounts are expressed in lei in all parts of the financial statements.

The financial statements have been prepared by management using the standards and interpretations issued on 31 December 2020, based on manual of accounting policies in force at that time. As part of the transition to IFRS, the Company prepared the financial statements and required to provide comparative information for the year ended 31 December 2020.

For the annual financial statements under IFRS, the Company proceeded to the inventory of assets, liabilities and equity and their evaluation according to the provisions contained in IFRS.

The accompanying financial statements are based on the Company's statutory accounting records adjusted and reclassified in order of fair presentation in accordance with IFRS.

Significant adjustments to the statutory financial statements refer to:

- grouping a number of accounts in positions of comprehensive statement of financial position;
- preparing the notes to the financial statements and other disclosure requirements under IFRS.

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

UZTEL SA is not part of a group of entities under the control of a parent company and does not apply IAS 27 - Consolidated and Separated Financial Statements since the company was not in a consolidation perimeter and does not uses IFRS 10- Consolidate Financial Statements

The Board of Directors of the company take responsibility for preparation of financial statements on 31.12.2018 and confirm that they are in accordance with applicable accounting regulations and the company is ongoing.

b. *Basis of valuation*

IFRS provide 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



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hyperinflationary.

The Company does not apply hyperinflationary environment accounting as of this date.

The Company does not apply IFRSs issued and not-entered into force on 31.12.2020, cannot estimate the impact of not applying these provisions on individual financial statements but intends to apply these provisions with their enforcement.

c. Continued activity

These financial statements have been prepared under ongoing business principle assumption.

By sentence no.129 dated 03.03.2017 pronounced on File no. 4732/105/2010 by Dolj Court; Department of - II- Civil, was ordered closure of the Uztel SA company's reorganization procedures, following the fulfilment of payment obligations assumed in the plan confirmed by Sentence no. 1282 dated October 9, 2012 and the Uztel SA Company's reintegration into the economic circuit with continued activity

Company's management has analysed the prediction of future operational activity, highlighting, at least for 2020, a volume of inputs from other contracts secured both by existing contract and reasonable certainty of contracting of new works.

SC UZTEL S.A. is one of the leading manufacturers of oilfield equipment, and providing repair services in this area, an area that has a positive perspective, especially in present day in Romania, when large companies in Europe and beyond will begin operation of new deposits of oil and natural gas.

UZTEL S.A. Ploiesti joins other large national and international oil companies that report commercial and financial results below expectations due to historical collapses in oil demand given that the population is in quarantine / isolation, and the activity of companies has been / is suspended due to the pandemic of coronavirus. There is a global surplus of oil reserves for which there is significantly diminished demand due to drastic traffic restrictions (air, naval, car) and consumption caused by the isolation of the population in the face of the coronavirus pandemic.

Based on analyses conducted and measures of reorganization plan, the Company's directors confirm that it will be able to continue operations in the foreseeable future and, therefore, the application of the ongoing business assumption is justified and appropriate for the preparation of financial statements based on this principle.

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 conformity 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 1125.

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.



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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 (e.g. equipment), determine the recoverable amount of tangible assets involving a lease, the estimate of provisions for doubtful debts, for depreciation of old stocks and stocks without movement, provisions for risks and charges.

3. ACCOUNTING POLICIES

The 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 quantitative data;
- Any changes from the previous period on qualitative and quantitative information.

The Company relies on information provided internally to key management personnel IAS 1.135.

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 prior years.

The distinction between current assets / fixed assets, respectively current / long-term debt.

The Company presents current assets, fixed assets and current and long-term liabilities as separate classifications in the statement of financial position, unless 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) transactions in foreign currencies are expressed in RON by applying the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies at year end are in USD at the exchange rate at that date. Gains and losses from exchange rate differences, realized or unrealized, are recorded in the income statement in the year in question, in accordance with IAS 21.



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Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

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Official exchange rates used to convert foreign currency balances at 31 December 2020 are as follows:

<u>Currency</u>	<u>31 December 2020</u>
1 Euro	4,8694 lei
1 dolar SUA	3,9660 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.

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

Customer accounts and similar accounts include invoices and unpaid at the reporting date at face value and estimated claims related to sales, services, which are recognized initially at fair value plus directly attributable transaction costs. Subsequently, customer accounts and similar accounts are stated at amortized cost less impairment losses. Amortized cost approximates the nominal value. Ultimate losses may vary from the current estimates. Due to the inherent lack of information about the financial position of customers, an estimate of probable losses is uncertain. However, the company management made the best estimate of losses and believes that this estimate is reasonable in the circumstances.

Losses of value are analyzed 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

Money assets include petty cash, current accounts, and other cash equivalents. Foreign currency assets are revalued at the end-of-period exchange rate. Financing through internal and external factoring without regression is an integral part of the administration of the Company's cash funds and is included as a component of cash availability for the purpose of presenting the cash flow statement



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Short-term investments

The Company does not own short term investment at 31.12.2020.

c. Non-derivative financial debt

The Company initially recognizes debt instruments issued and subordinated liabilities on the date it is initiated. All other liabilities (including liabilities 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 derecognizes a financial liability when its contractual obligations are settled, cancelled or expires.

Financial assets and liabilities are compensated and the net amount of financial position is presented only when the Company has a legal right to offset the amounts and intends either to settle on a net basis, or to realize the asset and settle the obligation at the same time.

The company has the following non-derivative financial debts: internal and external factoring without regression, assignment / discounting of invoices, bank loans, commercial debts and other debts.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to 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 the income statement for the year in which it occurs, using the effective interest rate method. Dividend income is recognized in the income statement on the date on which 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.



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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 useful lives, they are considered separate asset.

Tangible assets which are dismantled or sold are removed from the statement of financial position together with the corresponding accumulated depreciation. Gains or losses after retirement or disposal are equal to the net proceeds from the disposal (less disposal costs) minus the net book value of the asset. They are recognized as income or expense in profit or loss.

When an asset is classified 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 a joint stock company under Law no. 15/1990 regarding the reorganization of state economic units as autonomous companies and commercial companies and based on GD no. 1213/20 November 1990. During all this period the company had an uninterrupted production activity. UZTEL company operates in a compact perimeter of approximately 19 ha in the peripheral industrial area of Ploiesti, and the buildings and industrial halls it uses within this perimeter are in a connection closely related to the manufacturing process, from buildings - industrial halls for hot sectors (eg steel, cast iron and non-ferrous foundry buildings, forged building, modelling building) to industrial halls mechanical processing buildings (e.g. - mechanical processing plant building, oil equipment manufacturing building) for buildings - assembly halls, assembly, tests, tests (ex - building assembly of valves and equipment, painting building - packaging, hall storage parts for assembly).

The company owns on 31.12.2020 technological equipment, measuring, control, regulation installations, means of transport, furniture and office equipment with a net book value of 7,027,946.30 lei, with a lifespan between 2 - 22 years, used for industrial purposes, put into operation since 1970.



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"Frequency of revaluation depends on changes in fair values of revalued corporal assets. If the fair value of the revalued asset significantly differs from the book value, a new revaluation is required. Some items of corporate assets incur significant and fluctuating changes in fair value, requiring year revaluations. In case of corporate immobilizations whose fair values do not suffer significant changes, it is not necessary to make such frequent re-evaluations. Instead, it may be necessary to revalue the specific item only once every three or five years. "

The company has chosen through the accounting policies for the tangible assets class - buildings to apply IAS 16.34 and to carry out the accounting reassessment of the tangible assets with sufficient regularity to ensure that the book value does not differ much from what would have been determined by the use of the value. just at the balance sheet date

The company owns, mainly, old buildings, put into operation during the period 1921 - 1999, in which performs production activity (e.g. building of material storehouse - putting into operation in 1921, building for prototypes – put into operation in 1922, machining building - commissioning in 1925, modelling building - put in function in 1933, office building - put in operation in 1935) with life span between 24 – 60 years.

These fixed assets are specific to the manufacturing process, and do not have an active valuation and trading market in the absence of comparison terms.

In accordance with IAS 16.31 and IAS 16.34, the Company has applied professional judgment and accounting guidance for tangible fixed assets used (buildings, technological equipment, measurement facilities, control and regulation equipment, means of transport, furniture and office equipment) given that their nature and destination do not have an active market, representing technological equipment, machine tools purchased on the basis of projects specific to the activity of the company.

– **Buildings and constructions** lei

	Net Book Value	Fair value	Differences
Year 2011	37.848.508,91	33.181.183,00	- 4.667.325,91
Year 2013	29.005.259,62	31.448.397,00	+ 2.443.137,38
Year 2020	11.639.059,88	-	-

The net book value of buildings and constructions diminished on the basis of depreciation in 2011-2013 with 8,843,249.29 lei and between 2013 and 2020 with 17.366.199,74 lei, while the fair value of 2013 diminished compared to the fair value of 2011 by 1.732.786,00 lei.

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

	Net Book Value	Fair value	Differences
Year 2007	14.960.673,69	19.580.900,00	+ 4.620.226,31
Year 2020	7.027.946,30	-	-

Total net book value of technological equipment, machinery, machinery, furniture and office equipment diminished due to depreciation in 2007 – 2020 with 7.932.727,39 lei.



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

i. Assets acquired under leasing

IFRS 1 does not contain an 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.

At 31.12.2020 the company does not own assets bought in leasing.

j. Intangibles

Intangible assets with determined useful life are amortized over the economic life and assessed for depreciation whenever there are indications that intangible assets may be impaired. The amortization period for an intangible asset with a useful life determined is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period, and treated as changes in accounting estimates. Amortization expense of intangible assets with useful lives determined is recognized in profit or loss category operational expenses. Under IAS 38, intangible assets are presented in the statement of financial position at their revalued amount. 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



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of software licenses is capitalized based on the costs of procurement and commissioning of programs. Costs associated with developing or maintaining computer software programs are recognized as expenses when registering.

Intangible assets according to generally accepted regulations cannot be acquired through exchange of assets, which are treated as special deliveries.

The Company uses the following life spans for intangible assets:

- Development costs	5 years
- Software licenses	3 years
- Antivirus licenses	1 year

The Company applies the straight-line depreciation method for intangible assets.

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 lowest 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.

Heritage assessment at the end of the financial year is influencing stocks, with differences (+ / -) resulting from the annual inventory.

l. Dividends

Under IAS 10, the Company may pay dividends only by statutory profit-sharing, considering the financial statements prepared in accordance with 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



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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

Under IAS 18, revenue is recognized when the significant risks and rewards have been transferred to the buyer, obtaining economic benefits is probable and the associated costs can be estimated correctly.

Revenue is recognized at the fair value of the amount received (net amounts of revenue), less VAT, returns and discounts. Sales of services are recognized in the period, to which it relates, by their nature (operational, financial).

Financial income comprises income from interest, from dividends. Interest income is recognized as it accrues in profit or loss using the effective interest method. Dividend income is recognized in profit or loss is determined at the time the Company is entitled to receive the amount paid.

Financial expenses comprise interest expense related to loans and impairment losses on financial assets.

Interest on borrowed capital and commissions related to these loans are capitalized in production costs and those that are not directly attributable to the acquisition, construction or production are recognized in profit or loss using the effective interest method.

Losses and gains from exchange rate differences are recorded at net value under IAS 21.

p. Leasing

In accordance with IAS 17 leases in which the Company assumes substantially the risks and rewards of ownership are classified as finance leases. On initial recognition, the asset that is the subject of the lease is valued at the lower of fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

r. Income tax

Income tax is recorded in the income/loss 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 31 December 2020 was 16%.

The Company has recognized the deferred tax asset and will recover to the extent that future taxable profit will become probable to allow the deferred tax asset to be recovered.

Amendments to IAS 12 - Income Taxes clarify the accounting for deferred tax on receivables at fair value. The application of these amendments did not affect the annual financial statements of the company.

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.



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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 IASB regulations, except for the following new standards, amendments to existing standards and new interpretations that have not been approved for use in the date of publication of the financial statements (the entry into force dates mentioned below are for IFRSs issued by the IASB):

- *IFRS 14 Deferred accounts related to regulated activities* - the standard enters into force for annual periods beginning on or after January 1, 2016. The European Commission has decided not to issue the approval process for this interim standard and to await the issuance of the final standard,
- *IFRS 16 Leases - 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 IFRS 16, IAS 17, the parties classify leases as operational or financial. A leasing contract is classified as a financial lease if it transfers all the risks and rewards related to the property right. 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 leases, 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. The adoption of the standard earlier 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 the balance sheet 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 leasing right. 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 lessee's accounting remains largely unaffected by the introduction of the new standard, and the distinction between operational and financial leasing contracts will be maintained.

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



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- *IFRS 17 Insurance Contracts* - applicable for annual periods beginning on or after 1 January 2021,
- *Amendments to IFRS 3 Business Combinations - Definition of an enterprise* - applicable to business combinations whose acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020 and of asset acquisitions taking place beginning on or after or after that period,
- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures* - The sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (the effective date has been deferred to indefinite period, until the completion of the research project on the method of equivalence),
- *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 beginning on or after 1 January 2020
- *Amendments to IAS 19 Employee Benefits* - Modification, reduction or settlement of the plan – applicable for annual periods beginning on or after January 1, 2019. Amendments should 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 change!
- *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 joint ventures 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 equity method does not apply. The amendments also delete paragraph 41, as 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 - Prepayment Characteristics by Negative Clearing - adopted by the EU on March 22, 2018* - applicable for annual periods beginning on or after January 1, 2019,
- *Amendments to various standards due to IFRS Improvements (2015-2017 cycle) resulting from the annual IFRS Improvement Draft (IFRS 3, IFRS 11, IAS 12 and IAS 23)* with the primary purpose of eliminating inconsistencies and clarifying certain forms - applicable 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 the consequences of income tax on dividends in the same way (IAS 12); and an enterprise deals, in general loans, with any initial loan made to develop an asset when the asset is ready for its intended use or sale (IAS 23).
- *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 by specifying how the effects of uncertainty are reflected in the accounting for income tax

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



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Standards and amendments to existing standards issued by the IASB and adopted by the EU but not yet in force

Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Estimates and Accounting Errors” - Material Definition - adopted by the EU on November 29, 2019 (effective for annual periods beginning on or after 1 January 2020),

Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures” - Reference Interest Rate Reform - adopted by the EU on January 15, 2020 (effective for annual periods beginning on or after 1 January 2020),

Amendments to the references in the Conceptual Framework of the IFRS Standards adopted by the EU on November 29, 2019 (in force for annual periods beginning on or after January 1, 2020).

The Company anticipates that the adoption of these new standards and amendments to existing standards will not have a significant impact on the Company's individual financial statements during the initial application period

Reconciliation between IFRS and accounting policies related to previous financial years

On 31 December 2012, Uztel SA reconciled IFRS with local accounting policies applicable to previous financial years.

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

For the year ended December 31, 2010 and December 31, 2011, the Company prepared individual financial statements according to OMFP 3055/2009.

The Company prepared financial statements in accordance with IFRS, adopted by the EU, applicable for the financial years ended 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 situation was opened for the opening of the financial position on January 1, 2011, the date of the transition.

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

ESEF application for issuers listed on the regulated market in Romania

The Board of the Financial Supervisory Authority decided on February 19, 2021 to exercise the option to postpone the application of ESEF (European Single Electronic Format) and ordered the publication in the public consultation procedure, for a period of 10 days, of a draft regulation on the obligation preparation by the issuers, whose securities are admitted to trading on a regulated market, of the annual financial reports in the unique electronic reporting format accompanied by the approval report. Also, the A.S.F. decided to notify the European Commission regarding the intention to postpone by one year the obligation to apply ESEF for the issuers listed on the regulated market in Romania. The draft regulation provides in others that:

- the issuers whose securities are admitted to trading on a regulated market have the obligation to prepare and publish the annual financial reports in the unique electronic reporting format provided in art. 153 of Law no. 24/2017 regarding the issuers of financial instruments and market operations,



UZTEL S.A.

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with the subsequent modifications and completions, for the financial year starting on or after January 1, 2020.

- the issuers can prepare and publish voluntarily the annual financial reports in the unique electronic reporting format provided in art. 153 of Law no. 24/2017 regarding the issuers of financial instruments and market operations, with the subsequent modifications and completions, for the financial year that started on or after January 1, 2020.

The company UZTEL SA has chosen not to prepare and not to publish voluntarily the financial reports related to 2020 in the unique electronic reporting format provided in art. 153 of Law no. 24/2017 with subsequent amendments and completions.

A.S.F. will not adopt authoritative measures against companies that have not applied the ESEF format for the financial year 2020 until the moment when the provisions regarding the postponement of the obligation to apply the ESEF requirements by one year (entry into force of the A.S.F. regulation) will enter into force.

From the communicated data and information, it was concluded that the postponement of the ESEF application for one year for the issuers listed on the regulated market in Romania is opportune and necessary, in this sense being invoked a series of impediments likely to affect the implementation of ESEF requirements, as follows:

- the exceptional circumstances caused by coronavirus (COVID-19) and the concentration of operational resources on urgent needs;
- lack of staff specialized in transforming the annual financial statements according to the new requirements;
- there are a small number of companies that develop applications of this type;
- the prices requested by the existing companies for the conversion of the financial statements in the new format, unjustifiably high;
- high costs for identifying and implementing IT solutions;
- difficulties in identifying and contracting an IT provider to offer complete and viable services;
- mapping errors that occurred during the conversion of the annual report, which includes the audited financial statements (including the audit report), the directors' report, the statement on own responsibility in the new IXBRL (Inline eXtensive Business Reporting Language) format required by ESEF.

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 kind

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.



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3 Intangible assets

The fair value of these items has been established following the revaluation carried out by an independent evaluator, member ANEVAR using the comparison method capitalization method for land and buildings.

The determination of the fair value of fixed assets in the "Constructions" class was performed on 31.12.2013 by an authorized ANEVAR evaluator, using the net replacement cost method, the method being chosen because of the lack of valid real transaction data in the last 12 months for industrial sites in that area. This is the statistical value of the prices per square meter-built area on the market at national level, adjusted after corrections and related depreciations

The establishment of the fair value of the "Technological equipment, measuring, control, and adjustment, transport, furniture and office equipment" was performed by an authorized ANEVAR evaluator on 31.12.2007, using the net replacement cost method. There is insufficient information on sales of similar assets on the market, but there is market information on costs and cumulative 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 inputs used in fair value measurement techniques are classified into three levels:

Fair values were determined for the purposes of evaluating and disclosing information based on the methods described. Where appropriate, additional information on assumptions used in determining fair value is disclosed in the notes to the asset or liability.

The Company considers that the level at which the valuation of tangible fixed assets is classified at fair value in the hierarchy of fair value is level 2, taking into account the following aspects:

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

Comparative Statements

For each item in the balance sheet, profit and loss account and, where appropriate, the statement of changes in equity and cash flows for comparability is presented corresponding element corresponding value for the previous financial year.

Correction of accounting errors IAS 8

If the company becomes aware of errors made in accordance with accounting principles generally accepted previous reconciliations should be made to highlight the correction of those errors in accounting policies. The recording of transactions relating to the correction of accounting errors, the provisions of IAS 8.

Accounting policies have been consistently applied by the Company in accordance with IAS 1.134-135.

Under IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*," accounting policies are the principles, rules, conventions, bases, and specific practices applied by that company in the preparation and presentation of financial statements. It stipulates that the voluntary change of an accounting policy is made only if such a change is imposed by a Standard or an Interpretation and results in financial statements that provide more reliable and relevant information about the effects of transactions or other events or position conditions financial.



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The Company did not apply IAS 8.28 on Changes in Accounting Policies in 2020.

4. RISK MANAGEMENT

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

For a good risk management and in the desire to establish new methods of managing its level, the specific procedures and rules are continuously updated and improved by each department, insofar as it is considered at a given time that, by the development of activities by that department based on the rules existing at that time, the Company is exposed.

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. The risk indicators are constantly checked to ensure their compliance with the allowed limits. Also, the company's management checks daily the company's production, marketing and financial activity.

Credit Risk

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

	Accounting year	accounting year
	Ended at	ended at
	<u>31 December 2020</u>	<u>31 December 2019</u>
	(lei)	(lei)
Trade receivables and other claims	5.245.588	9.376.723

For other types of operations, when the amounts are significant, the creditworthiness references are normally obtained for all new customers, the due date of the receivables is carefully monitored and the amounts not collected at the negotiated terms are subject to the warnings and notifications sent to the internal and external customers of society.

Thus, the following balance sheet items exposed to credit risk were identified and included in the following exposure classes:

- Receivables from local governments: budget receivables;
- Receivables from institutions and financial institutions: bank accounts, guarantee funds
- Receivables from companies: advance to companies;
- Other items: tangible assets.

The risk exposed value of an asset is represented by its balance sheet value and is identified on the basis of the documents provided by the Accounting Department



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Trade receivables and other receivables

On 31 December 2020, the company's trade receivables situation is as follows:

Receivables at 31.12.2020			lei
RECEIVABLES	Balance at 31.12.2020	maturity	
		Less 1 year	Over 1 year
0	1 = 2 + 3	2	3
Total, of which:	5.245.588	5.097.845	147.743
Domestic client	2.025.929	2.025.929	-
External client	699.648	699.648	-
Doubtful client, litigation	616.765	-	616.765
Salary advance	19.585	19.585	-
Suppliers borrowers	376.914	376.914	-
Debtors	1.543.732	1.543.732	-
Other receivables (VAT not due, accrued expenses and settlement systems in operation during clarification)	432.038	432.038	-
Adjustments for depreciation of clients- receivables	(469.022)	-	(469.022)

The amount in the amount of 432.038 lei registered in the account "other debts" refers to the amounts from account 4428 (non-chargeable VAT) = 86.710 lei ; account 4382 (other receivables - medical leave) = 333.788 lei; account 471 (prepaid expenses) = 3.649 lei ; account 473 (settlements from operations being clarified) = 334 lei and account 4412 (deferred profit tax) = 7.557 lei.

In accordance with IFRS 7: B5 (f), Uztel SA establishes and reviews annually at each close of the financial year (including for year 2020) adjustments for impairment of receivables-clients on the basis of the commercial and legal information it holds and the steps which it undertakes through the legal service for the recovery of overdue claims.

The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of clients;
- The debtor-client is likely to go into bankruptcy or another form of financial reorganization;
- Unfavourable changes in the situation of clients' portfolio payments;-
- Economic conditions at national and international level correlated with non-payment.

The general provision for impairment of customer receivables is calculated annually according to the length of the receivables existing in the balance by applying the following criteria regarding the adjustment percentages:

Account	% adjustment
4118 (uncertain clients)	90,49

Receivables are recorded at nominal value and are highlighted for each individual or legal entity. Foreign currency claims were measured using the exchange rate ruling at the year-end, and the exchange differences were recognized as income or expense for the period.



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Seniority analysis of trade receivables and other outstanding receivables at the end of the period that are not impaired IFRS 7.37 (a)

lei

Trade receivables and other receivables	Balance at	Of which outstanding		
	31.12.2020	31-90 days	91-120 days	> 120 days
1. Internal clients	2.025.929,00	609.892,33	29.923,03	291.470,49
2. External customers	699.648,00	165.161,53	0,00	405.369,72
3. Uncertain internal clients	616.765,00	0,00	0,00	616.765,00
4. Impairment adjustments	(469.022,00)	-	-	(469.022,00)
5. Debtor suppliers	376.914,00			376.914,00
Net receivables	3.250.334,00	775.053,86	29.923,03	1.221.597,21

In accordance with the provisions of IFRS 7.37 (b), the company presents an individual analysis of trade receivables found to be impaired at the end of the reporting period (31.12.2020), including the factors that determined their impairment, thus:

Uncertain receivables from account 4118.1.02 were transferred to account 6542 - "Losses from receivables", in total amount of 2,693,898.18 lei, to account 7814 - "Revenues from adjustments to active depreciation", in total amount of 1,077,743 , 81 lei and invoices were drawn up to adjust the VAT tax base in the total amount of 423,530.62 lei

The registration in the expense accounts, taxable and non-taxable incomes, and the adjustment of the VAT tax base, made on 31.12.2020 are based on documents issued by the Trade Register, notifications of opening, respectively closing bankruptcy / insolvency procedure, civil sentences, bulletin insolvency proceedings as the case may be and were submitted for approval to the Board of Directors of the company.

From the annual volume of sales made in 2020, amounting to 35,278,237.59 lei, the company's internal and external customers represent:

- internal clients amounting to 21,444,978.25 lei, a share of 60.79% in turnover;
- external clients (usd) in the amount of 8,778,839.89 lei, a weight of 24.88% in the turnover;
- external clients (euro) amounting to 5,054,419.45 lei, a share of 14.33% in turnover

	Accounting year Ended at <u>31 December 2020</u>	accounting year ended at <u>31 December 2019</u>
	(lei)	(lei)
Debts	29.284.895	27.994.788
Provisions for risk and expenses	225.017	241.307
Income recorded in advance	245.186	1.297.948
Total debts	29.755.098	29.534.043



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Commercial debts and other debts

At 31 December 2020, the debts of the company are as follows:

Debts at 31.12.2020				lei
DEBTS	Balance at 31.12.2020	Maturity		
		Less 1 year	1-5years	More than 5 years
0	1 = 2 + 3 + 4	2	3	4
Total, of which:	29.755.098	20.419.534	9.335.564	-
Amounts owed to credit institutions	10.239.718	8.269.583	1.970.135	-
Advances collected for orders	245.186	245.186	-	-
Trade payables - suppliers	7.796.563	6.747.158	1.049.405	-
Income tax	-	-	-	-
Other creditors including tax and social security	11.248.614	5.157.607	6.091.007	-
Provisions and prepaid income	225.017	-	225.017	-

The amount in the amount of 11,248,614 lei registered in the account "Other debts, including fiscal debts and debts regarding social insurances" refers to:

- the amounts from account 462 (various creditors - rescheduling agreements) = 800,913 lei;
- account 457 dividends = 1,569,783 lei, of which rescheduling agreements 1,007,874 lei;
- current salary debts = 631,060 lei;
- budget debts = 8,246,858 lei, of which current budget debts = 2,155,851 lei and budget debts greater than one year = 6,091,007 lei.

The decrease in the volume of orders and contracts negatively influenced the cash flow and generated the accumulation of budget debts. The company took steps regarding the payment rescheduling of the fiscal obligations and obtained the rescheduling of the amount of 8,860,564 lei (of which 7,458,329 lei main fiscal obligation and 1,402,235 lei delay increases) for a period of 5 years , starting with 15.02.2021, until 15.01.2026, according to the Decision for rescheduling the payment of fiscal obligations no. 294 / 22.01.2021. The guarantee of this rescheduling was carried out by instituting the insurance seizure of real estate according to the Minutes of the insurance seizure for real estate no. 1320640 / 20.01.2021, mortgaged goods to First Bank.

lei

Commercial Debts and Other Debts	Balance at	Of which overdue		
	31.12.2020	31-90 days	91-120 days	> 120 days
1. Internal suppliers	6.489.619,52	1.159.752,61	867.521,20	3.610.097,23
2. External suppliers	1.310.231,34	139.346,27	399.447,97	606.646,94
3. Customers creditors	242.685,57	-	-	-
Net debts	8.042.536,43	1.299.098,88	1.266.969,17	4.216.744,17

From the annual volume of acquisitions made in 2020, amounting to 17,467,677.55 lei, the company's internal and external suppliers represent:



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- internal suppliers amounting to 15,119,822.18 lei, a share of 86.56% in total acquisitions;
- external suppliers (usd) amounting to 843,829.69 lei, a share of 4.83% in total acquisitions;
- external suppliers (euro) amounting to 1,504,025.68 lei, a share of 8.61% in total acquisitions

Bank credit guarantee:

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 December 2020 by the company Mirva Revalcon Invest SRL Ploiesti, authorized appraiser, accredited member of ANEVAR, the market value of the mortgaged real estate being 32,673,140 lei.

For these mortgaged real estates was concluded the insurance policy no. 2553688 / 20.05.2020, valid from 25.05.2020 until 24.05.2021 (for the insured amount of 29,009,910 lei).

In June 2019, the real estate guarantees were supplemented by the real estate mortgage contracts authenticated with the conclusions no. 2431 and no. 2433 dated 27.06.2019 with the following lands / access roads:

- land located in Ploiesti, str. Mihai Bravu, no. 243, Prahova county, with an area of 10,451 sqm, having cadastral number 125199, registered in the Land Book no. 125199;
- land located in Ploiesti, str. Mihai Bravu, no. 243, Prahova county, with an area of 8,131 sqm, having cadastral number 125189, registered in the Land Book no. 125189.

This supplementation of the guarantees granted to the bank arose from the increase of the working capital upper limit granted to the company by the Additional Act no. 1 / 27.06.2019 to the contract no. 7793/5 of 23.01.2019.

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 year ended <u>31 December 2020</u>	Accounting year ended <u>31 December 2019</u>
	(lei)	(lei)
Interest paid	605.349	696.286

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank deposits in lei short term.

	Accounting year ended <u>31 December 2020</u>	Accounting year ended <u>31 December 2019</u>
	(lei)	(lei)
Cash and availability on demand	1.286.319	1.971.169
Total cash and cash equivalent	1.286.319	1.971.169



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Currency risk

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

	Accounting year ended	Accounting year ended
	<u>31 December 2020</u>	<u>31 December 2019</u>
	(lei)	(lei)
Result of exchange rate difference	(26.455)	(156.030)

Market risk

The current global liquidity crisis that began in mid-2015 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.

Economic, commercial and financial effects of " oil prices crisis " begun in 2016 were effective in the company's business on the first months of 2017 by lowering production (low demand), lower revenues, increased stocks of finished products (available to customers for renting). Most oil companies and drilling operators in domestic and international market and have changed the investment policy (acquisition of equipment and oil) by dividing it due to financial and economic reasons into two components:

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

As in March 2020 there was a decrease in the average income and receipts in January and February 2020 by more than 25%, the company requested the Ministry of Economy, Energy and Business Environment to issue the Emergency Certificate - type 2 (yellow) for supporting economic operators in relations with public institutions to obtain, in accordance with the law, credit facilities, support measures in trade relations, as a result of the economic, financial and social impact on them, caused by the spread of SARS-CoV coronavirus -2 and deferral of payment for utility services.

The evolution of the international epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus and the declaration of the pandemic by the World Health Organization on 11.03.2020 imposed the establishment of a state of emergency on the Romanian territory, according to the Decree of the President of Romania no. 195 from 16.03.2020. During the state of emergency March 16 - May 15, 2020, according to GEO no. 30/2020, the company suspended a limited number of individual employment contracts and benefited, based on a statement on its own responsibility, from technical unemployment benefits borne by



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the unemployment insurance budget up to the limit of 75% of the basic salary corresponding to the place employed, but not more than 75% of the average gross earnings provided by Law no. 6/2020 of the state social insurance budget for 2020 (ie 75% of 5,429 lei). During the state of emergency, the company received from the social insurance budget the amount of 1,039,831 lei and paid social insurance contributions, social health insurance contributions and income tax in the nature of salaries amounting to 431,375 lei.

The evolution of the international epidemiological situation determined by the spread of SARS-CoV-2 coronavirus in over 150 countries, as well as the declaration of the pandemic by the World Health Organization on 11.03.2020 and the Presidential Decrees on the establishment of the state of emergency and alert on the Romanian territory have determined social, commercial, economic and financial phenomena and aspects independent of society and which cannot be controlled by it, which have led and will inevitably lead to an inevitable negative impact on the drastic decrease of the volume of orders and contracts. for the year 2020, of the achievement of the provided budgetary indicators.

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 01.01.2021 - 31.12.2021, a volume of inputs ensured both by the development of existing contracts, but also by the reasonable certainty of contracting new works.

During 2020, 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; - the rapid decrease of crude oil prices (April 20, 2020 will remain in the history of financial markets as the first time when the price of a barrel of oil reached a negative value); - 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;



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- 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.

5. EQUITY

Equity

The share capital of SC UZTEL S.A. is 31 December 2020, amounts to 13.413.648 lei, divided into 5,365,459 shares with a nominal value of 2.50 lei.

According to existing records in SC Central Depository S.A. as of letter nmb. 7066 of 02.03.2021, situation of shareholders on 31.12.2020 is as follows:

Shareholder	Nmb. of shares held	Weight in share capital, %
Asociatia UZTEL	4.498.300	83,8381
Legal entities	447.033	8,3317
Natural persons	420.126	7,8302
TOTAL	5.365.459	100,0000

All shares are common, were subscribed and paid in full on 31 December 2020.

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. When this level is reached, the company may make additional allocations of net profits only.

At December 31, 2020 Company constitutes legal reserves totalling 1.985.076 lei.

	Accounting year ended <u>31 December 2020</u>	Accounting year ended <u>31 December 2019</u>
	(lei)	(lei)
Legal reserve	1.985.076	1.985.076

By 31.12.2020 the company did not established the legal reserve.

Other reserve

	Accounting year ended <u>31 December 2020</u>	Accounting year ended <u>31 December 2019</u>
	(lei)	(lei)
	631.133	631.133



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OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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According to IAS 1.79 (b), the Company recorded in the individual situation the changes in equity for the "Other reserves" chapter, the amount of 631,133 lei representing the fiscal profit tax facility according to the legal provisions in force at the date of its constitution (31.05.2004) - Law 416 / June 26, 2002.

Revaluation reserve

The revaluation reserve is the amount of 32.370.664 lei at 31 December 2020 si cuprinde rezervele din reevaluare obținute in urma reevaluărilor efectuate de către evaluatori independenți asupra:

and includes revaluation reserves obtained after revaluation carried out by independent evaluators on:

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

	Accounting year ended <u>31 December 2020</u>	Accounting year ended <u>31 December 2019</u>
	(lei)	(lei)
Revaluation reserve	32.370.664	34.439.105

The revaluation reserve diminished in 2020 by the amount of 2.068.441 lei by capitalizing the revaluation surplus and reserves highlighted in the tax register as follows:

- the value of 1.047.700,65 lei representing capitalization surplus from revaluation for fixed assets sold and sold during 2020;
- the value of 1.020.741,02 lei representing revaluation reserves highlighted in the fiscal register in 2020.

6. RESULT OF THE YEAR

The result of the exercise

At the end of the financial year 2020, the Company recorded the following results:

- **Gross operating result** diminished from 1.454.520 lei la 31.12.2019 to (10.971.346) lei at 31.12.2020, worth a significant decrease compared to the same period of 2019;
- **The gross result of the financial activity** an increased from (869.712) lei at 31.12.2019 to (644.480) lei at 31.12.2020, worth a slight improvement compared to the same period of 2019;
- **Gross/ net profit for the financial year** decreased from 584.808 lei at 31.12.2019 to (11.615.826) lei at 31.12.2020, worth a significant decrease compared to the same period of 2019.
- Although the global crisis affecting the oil industry had negative repercussions on the production of Uztel S.A. (2020 turnover increased compared to 2019 by 44,45 %), the management of the company has made efforts to keep agctivity going on.



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	Accounting year ended <u>31 December 2020</u>	Accounting year ended <u>31 December 2019</u>
	(lei)	(lei)
Net profit (lei)	(11.615.826)	584.808
Ordinary shares	5.365.459	5.365.459
Earnings per share (lei)	(2,16)	0,11

Dividends

In 2020 the Company made quarterly payments amounting 294,36 lei, representing net dividends due to shareholders for the years 2003, 2005, 2006, 2007 and 2008, as follows:

	lei
a) Payments 1 st quarter	159,78
b) Payments 4th quarter	134,58

At 31.12.2020 Uztel SA recorded in account 457 (Dividends to pay) the amount of 1.569.783,01 lei representing dividends due to shareholders for 2003 - 2008.

The Company did not set up and paid dividends for the period 2011 – 2019.

7. PROFIT TAX

	Accounting year ended <u>31 December 2020</u>	Accounting year ended <u>31 December 2019</u>
	(lei)	(lei)
Gross book value	(11.615.826)	584.808
Items assimilated to revenue	2.663.755	185.409
Legal reserve established	-	(29.240)
Non-taxable income	(914.911)	(6.902)
Non-deductible expenses	2.348.444	2.385.900
Profit / (Fiscal Loss)	(7.518.538)	3.119.975
Tax on profit	-	-
Corporation tax payable	-	-
Net profit / (loss)	(11.615.826)	584.808

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.



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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.

We propose that the net book loss of (11.615.826) lei be recorded in the accounting books of Uztel SA Ploiesti as below:

1171.01	=	121	(11.615.826,38)
Result carried forward– loss		Profit or loss	

The accounting loss of 2020 is added to the result carried forward from previous years - accounting loss in the amount of (15,350,654.63) lei, so the accounting loss will be (26,966,481.01) lei, representing:

- loss related to 2016 in the amount of (2,179,926.24) lei;
- loss for 2017 in the amount of (13,170,728.39) lei;
- loss related to the year 2020 in the amount of (11,615,826.38) lei.

We propose that the loss be covered to be made after the approval by the General Meeting of Shareholders of the Note substantiating the accounting loss coverage from the carried forward result representing surplus from revaluation reserves for fixed assets (land, buildings and equipment) sold / scrapped, amounting to 2,663. 754.97 lei. Thus, after performing these accounting operations, the net accounting loss of the company will be in the amount of (24,302,726.04) lei, (loss in 2017: (12,686,899.66) lei and loss in 2020 (11,615,826.38) lei) to be recovered according to Art. 19 par. (4) of the Accounting Law no. 82/1991 with subsequent amendments and completions:

- "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".

The fiscal loss registered at the end of 2019, established by the annual income tax return, in net value of (11,433,862) lei, will be cumulated with the fiscal loss registered on 31.12.2020 in net value of (7,518,538) lei.

The total fiscal loss registered on 31.12.2020 by Uztel SA Ploiesti will be (18,952,400) lei.

8. REPORTED RESULT

The carried forward result represents the cumulative result of the Company. As of December 31, 2020, the Company has a reported carry forward result in the amount of (2,674,097) lei.



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	Accounting year ended <u>31 December 2020</u> (lei)	Accounting year ended <u>31 December 2019</u> (lei)
Carried forward result	(2.674.097)	9.398.635
Carried forward result to application of IFRS	5.365.459	5.365.459
Earning per share (lei)	(0,50)	1,75

9. PROVISIONS

Statement of provisions made by the company is as follows:

	Accounting year ended <u>31 December 2020</u> (lei)	Accounting year ended <u>31 December 2019</u> (lei)
Provisions for disputes	225.017	229.006
Provisions for guarantees granted to clients	-	12.301

10. FIXED ASSETS

– Tangible assets

	lands	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 January 01 2020	16.537.802	32.061.723	36.218.540	166.042	2.546.484	161.791	87.692.382
Increases	-	-	68.004	-	68.004	-	136.008
Outputs	194.871	1.066.065	-	-	68.004	141.428	1.470.368
Balance at 31 December 2020	16.342.931	30.995.658	36.286.544	166.042	2.546.484	20.363	86.358.022
Accumulated depreciation							
Balance at January 01 2020	-	18.387.041	28.316.670	108.837	-	-	46.812.548



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Depreciation of year	-	1.387.010	991.955	7.178	-	-	2.386.143
Depreciation of outputs	-	417.452	-	-	-	-	417.452
Balance at 31 , December 2020	-	19.356.599	29.308.625	116.015	-	-	48.781.239
Adjustments							
Balance at 01 January 2020	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance at 31 December 2020	-	-	-	-	-	-	-
Net book value							
Balance at January 01 2020	16.537.802	13.674.682	7.901.870	57.205	2.546.484	161.791	40.879.834
Balance at 31 December 2020	16.342.931	11.639.059	6.977.919	50.027	2.546.484	20.363	37.576.783

In the period January 1 - December 31, 2020, the total value of the increases registered in the accounting records for the class “*Machines and equipment*” was of 68,004 lei representing:

- BenchDot 150-150E marking equipment, worth 36,632 lei;
- Standard measuring head for BRINELL portable KIM 3000 kg durimeter, worth 13,990 lei;
- Stand opening 20 ”with skylight for portable hardness meter KING 3000 kg, opening 6”, worth 13,719 lei;
- HP14 ”Probook 440 G6 laptop, FHD, IntelA Korea processor, worth 3,663 lei.

The current tangible fixed assets registered in the period January 1 - December 31, 2020 an increase in value of 68,004 lei, representing:

- BenchDot 150-150E marking equipment, worth 36,632 lei;
- Standard measuring head for BRINELL portable KIM 3000 kg durimeter, worth 13,990 lei;
- Stand opening 20 ” with skylight for portable hardness meter KING 3000 kg, opening 6”, worth 13,719 lei;
- HP14 ”Probook 440 G6 laptop, FHD, IntelA Korea processor, worth 3,663 lei.

Between January 1 and December 31, 2020, the total value of the decreases registered in the accounting records for the “*Land*” class was 194,871 lei, representing the removal from the record of 2,159 sq m of land sold according to the Sale Contract with authentication conclusion no. 571 / 19.02.2020.

Between January 1 and December 31, 2020, the total value of the decreases registered in the accounting records for the “*Constructions*” class was 1,066,065 lei, representing removal from the Club records sold according to the Sale Contract with authentication conclusion no. 571 / 19.02.2020.

The tangible fixed assets in progress registered between January 1 and December 31, 2020 a decrease in the amount of 68,004 lei, representing:



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- BenchDot 150-150E marking equipment, worth 36,632 lei;
- Standard measuring head for BRINELL portable KIM 3000 kg durimeter, worth 13,990 lei;
- Stand opening 20 ”with skylight for portable hardness meter KING 3000 kg, opening 6”, worth 13,719 lei;
- HP14 ”Probook 440 G6 laptop, FHD, IntelA Korea processor, worth 3,663 lei.

Intangible assets

	Development expenses	Other intangible assets	Intangible assets in progress	Total
Cost	Lei	Lei	Lei	Lei
Balance at January 01 2020	184.021	701.191	-	885.212
Inputs	2.871	75.917	-	78.788
Outputs	-	-	-	-
Balance at 31 December 2020	186.892	777.108	-	964.000
Accumulated depreciation				
Balance at January 01 2020	117.582	687.515	-	805.097
Depreciation of the year	14.074	76.777	-	90.851
Outputs depreciation	-	-	-	-
Balance at 31 December 2020	131.656	764.292	-	895.948
Balance at January 01 2020	66.439	13.676	-	80.115
Balance at 31 December 2020	55.236	12.816	-	68.052

Between January 1 and December 31, 2020, the *development expenses* registered an increase of 2.871 lei, representing expenses for the realization of SSV 3 1/8 X5m valve, hydraulically operated, equipped with automation system delivered by VT VERES Hungary.

Between January 1 and December 31, 2020, the company acquired intangible assets worth 75.917 lei, representing:

- technical support for the integrated SIVICO program, amounting to 54.959 lei;
- ESET Endpoint antivirus license, worth 6.975 lei;
- Software Update License & Support Oracle Database Standard Edition One Perpetual Processor for the period November 2020-November 2021, amounting to 4.194 lei;
- design licenses worth 9,789 lei.



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11. STOCKS

By comparison, the stocks are presented as follows:

In LEI	<u>31-December</u>	<u>31-December</u>
In LEI	<u>2020</u>	<u>2019</u>
Raw material	1.179.516	1.518.669
Additional material	512.541	756.642
Fuels	24.131	33.808
Packaging materials	1.442	1.469
Spare parts	2.989.666	3.442.162
Other consumables	176.742	185.140
Inventory items	318.074	349.047
Products in progress	7.427.446	10.754.379
Semi- manufactured	3.281.452	3.712.114
Finished product	7.008.299	8.616.936
Difference of price of finished products	11.653.447	10.842.443
Packing	3.589	3.902
Residual products	8.990	43.208
Total	34.585.335	40.259.919
Advances to purchases assets such as stocks	173.304	287.740
	34.758.639	40.547.659

12. INCOME FROM THE CORE COMPANY'S BUSINESS

Turnover in 2020 totalling 35.278.237 lei was made by the following segments of activity:

	lei
– turnover for production is in the amount of	35.000.128,01
– turnover for services is in the amount of	230.114,26
– turnover for trading is in the amount of	47.995,32

Turnover in 2019 totalling 63.506.667,16 lei was made by the following segments of activity:

	lei
– turnover for production is in the amount of	63.077.762,71
– turnover for services is in the amount of	3.782.567,31
– turnover for trading is in the amount of	46.337,14

OPERATION INCOME

	<u>31-December</u>	<u>31-December</u>
	<u>2020</u>	<u>2019</u>
Total operating income, of which	33.630.585	74.882.706
Turnover	35.278.237	63.506.667
Revenues related to the costs of stocks of finished products and	(2.950.128)	9.291.097



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production in progress		
Income from the production of intangible and tangible assets	2.871	53.645
Income from operating subsidies	1.039.945	-
Other operating revenues	259.660	2.031.297

OPERATING EXPENDITURE

31-December
2020

31-December
2019

Total operating expenditure, of which	44.601.931	73.428.186
Expenditure on raw materials and consumables	10.259.019	30.951.168
Other material expenses	545.026	1.295.994
Other external expenses	2.657.822	3.666.515
Expenses on goods	44.618	13.003
Trade discounts received	75.636	22.327
Staff costs	21.811.819	26.435.090
Value adjustments for intangible property, plant and equipment, real estate investments and biological assets at cost	2.476.994	2.948.713
Value adjustments on current assets	1.616.154	-
Other operating expenses	5.282.406	8.146.777
Adjustments regarding provisions	(16.291)	(6.747)

FINANCIAL INCOME

31-December
2020

31-December
2019

Total financial income, of which:	538.138	695.187
Income from exchange rate differences	531.419	690.399
Interest income	2.701	3.468
Other financial income	4.018	1.320

FINANCIAL EXPENSES

31-December
2020

31-December
2019

Total financial expenses, of which:	1.182.618	1.564.899
Interest charges	605.349	696.286
Other financial expenses	577.269	868.613



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CASH GENERATED FROM OPERATING ACTIVITIES

	<u>31-December</u> <u>2020</u> lei	<u>31-December</u> <u>2019</u> lei	<u>31-December</u> <u>2018</u> lei	<u>31-December</u> <u>2017</u> lei
Net profit for the year	(11.615.826)	543.176	783.882	(13.170.728)
Income tax expense	-	-	-	-
Amortization / depreciation of long term assets	2.476.994	2.948.713	3.504.520	4.743.779
Expenses with disposed assets	843.485	194.777	104.601	294.100
Revenue with disposed assets	(252.563)	(308.609)	(70.493)	(98.578)
Adjustments for depreciation of receivables	1.077.744	-	-	(816.190)
Income/expense related to value adjustment of current assets	2.693.898	-	-	1.104.659
Interest expenses	(605.349)	(696.285)	(371.361)	(240.349)
Interest income	2.701	3.468	4.435	6.316
Gain / loss from exchange rate differences	(26.455)	(156.030)	20.470	20.234
Movements in working capital	6.210.455	1.986.034	3.192.172	5.013.971
Increase / (decrease) in trade receivables and other receivables	4.130.449	4.609.905	(276.205)	2.461.019
Increase / (decrease) in other current assets	(686)	(2.022)	1.642	385
Increase / (decrease) in inventories	(5.789.020)	(4.260.129)	(2.475.847)	4.092.118
Increase / (decrease) in trade payables	7.008.127	7.129.206	(652.153)	6.289.074
Increase / (decrease) in prepaid income	2.500	-	-	-
Increase / (decrease) in other liabilities	(6.671.369)	(3.077.948)	1.554.184	(2.412.926)
Cash used in operating activities	(1.319.999)	4.399.012	(1.848.379)	10.429.670
Profit tax paid	-	-	-	-
Interest paid	(605.349)	(696.285)	(371.361)	(240.349)
Cash generated by operation	(7.330.719)	6.231.937	1.756.314	2.032.564

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.

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.



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Its activity is analyzed in terms of the main object of activity, namely: manufacturing and selling on domestic and external markets, assemblies, oilfield parts and equipment, industrial valves, mud pumps and other spare parts for oilfield equipment.

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

Segments identified are:

- revenue from the sale of finished products - domestic market;
- revenue from the sale of finished goods - external market;
- income from stocks of finished products and production in progress;
- income from services rendered;
- income from rent ;
- revenues from commodities sale

Segment information for the year ended 31 December 2020 are bellow:

Report on operation segment at 31 December 2020	Amount (lei)	Share Of total income %
Revenue from the sale of finished products - internal	21.279.694,91	62,28
Revenue from the sale of finished products - external	13.720.433,10	40,15
Income stocks of finished goods and production in progress	(2.950.128,00)	(8,63)
Revenue from services rendered	229.822,99	0,67
Revenue from rent	291,27	-
Revenue from sale of goods	47.995,32	0,14
Total	32.328.109,59	94,61

Information on segments for year ended at 31 December 2019 are:

Report on operation segment at 31 December 2019	Amount (lei)	Share Of total income %
Revenue from the sale of finished products - internal	29.696.725,71	39,29
Revenue from the sale of finished products - external	33.381.037,00	44,17
Income stocks of finished goods and production in progress	9.291.097,00	12,29
Revenue from services rendered	382.567,31	0,51
Revenue from sale of goods	46.337,14	0,06
Total	72.797.764,16	96,32



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14. TRANSACTIONS WITH AFFILIATED PARTIES

IAS 24 "Transactions with affiliated 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 2020, the following commercial transactions were carried out in the nature of the 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>Legal entity</u>	<u>Sales year 2020</u>	<u>Sales year 2019</u>
	<u>lei</u>	<u>lei</u>
Axon SRL Ploiesti	41.755,33	96.400,52

b) Acquisitions of goods and services:

<u>Entity</u>	<u>Acquisitions 2020</u>	<u>Aquisitions 2019</u>
	<u>lei</u>	<u>lei</u>
Axon SRL Ploiesti	340.518,21	635.976,97
Comis SRL Valeni de Munte	-	11.052,13
Iulnicomnic SRL Ploiesti	-	19.173,49
Passion SRL Ploiesti	-	36.042,06
Platus Com SRL Campina	29.646,62	144.864,20
Romconvert SA ploiesti	25.414,83	-
Titancore SRL Ploiesti	113.015,81	312.824,28
Rikora Flm SRL Focsani (Vaspet SRL Focsani)	-	1.300,61

<u>Entity</u>	<u>Acquisitions 2020</u>	<u>Acquisitions 2019</u>
	<u>usd</u>	<u>usd</u>
Shabum International LTD Tel Aiv	10.672,20	68.486,72

Conform IAS 24 (Prezentarea informatiilor referitoare la partile afiliate), societatea a considerat oportuna descrierea tranzactiilor comerciale efectuate cu entitatile juridice care detin fonduri banesti in calitatea de membrii asociati ai Asociatiei UZTEL.

Entitatile juridice ale caror tranzactii au fost mentionate anterior nu intra sub incidenta prevederilor art. 82 alin (1) din Legea nr. 24/2017 datorita faptului ca detinerile, adica fondurile banesti, nu le permit acestora sa detina controlul.

Societatea UZTEL SA prezinta urmatoarele informatii suplimentare cu privire la ponderea fondurilor banesti detinute, la data de 31.12.2020, de entitatile juridice in calitatea lor de membrii ai Asociatiei Uztel, astfel:



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Phone: + 40(0)244 / 541399, 523455; 0372441111; Fax: 521181; E-mail: office@uztel.ro

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According to IAS 24 (Presentation of Related Party Information), the Company considered it opportune to describe the commercial transactions performed with the legal entities holding money funds as associate members of the UZTEL Association.

The legal entities whose transactions have been mentioned above do not fall under the provisions of Art. 82 paragraph (1) of the Law no. 24/2017 due to the fact that the holdings, ie the money funds, do not allow them to hold control.

The company UZTEL SA presents the following additional information regarding the share of funds held by the legal entities in their capacity as members of the Uztel Association on 31.12.2020:

<u>Entity</u>	<u>% money fund hold in UZTEL Association</u>
Aprodem SA Ploiesti	0,2805
Axon SRL Ploiesti	0,7380
Comis SRL Valeni de Munte	8,2977
Electro Service Onel & Co SNC Ploiesti	8,4355
Iulnicomnic SRL Ploiesti	1,8897
Passion SRL Ploiesti	0,3982
Platus Com SRL Campina	0,6090
Romconvert SA Ploiesti	0,7609
Titancore SRL Ploiesti	4,2191
Rikora Flm SRL Focsani (Vaspel SRL Focsani)	0,5087

Entity

Shabum International LTD Tel Aviv	0,2640
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a) Compensations for key management staff:

Key management personnel include executives, senior management of the production units (department heads) and key management personnel of the company's functional services (technical, design, human resources, quality assurance, commercial, economic, administrative, production, IT)

	<u>2020</u>	<u>2019</u>
Gross salary paid	2.840.294 lei	3.948.791 lei

15. OTHER INFORMATION

(1) Fees paid to auditors

In 2020 the Company's expenses on fees paid to auditors worth 155.926,34 lei , including:

Statutory Auditor	lei
- Ecoteh Expert SRL Bucuresti	24.184,50
Internal Auditor	
- Fin Consult Audit SRL Ploiesti	27.500,00



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Auditors of quality management systems certification and product (license)	lei
- Asociatia de Standardizare of Romania	194,66
- GR Eurocert SRL Ploiesti Romania	18.145,58
	usd
- American Petroleum Institut Washington USA	17.160,46
- Techstreet – Clarivate Analytics LLC Canada	2.835,42

(2) Expenses with staff salaries

	Financial year ended at <u>31 December 2020</u>	Financial year ended at <u>31 December 2019</u>
	(lei)	(lei)
Expenses with wages for personnel	21.042.713	25.654.912

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

The evolution of the international epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus and the declaration of the pandemic by the World Health Organization on 11.03.2020 imposed the establishment of a state of emergency on the Romanian territory, according to the Decree of the President of Romania no. 195 from 16.03.2020.

During the state of emergency March 16 - May 15, 2020, according to GEO 30/2020, the company suspended a limited number of individual employment contracts and benefited, based on a declaration on its own responsibility, from technical unemployment benefits borne by the insurance budget for unemployment up to the limit of 75% of the basic salary corresponding to the job occupied, but not more than 75% of the average gross earnings provided by Law no. 6/2020 of the state social insurance budget for 2020 (ie 75% of 5,429 lei).

The company received during the state of emergency from the social insurance budget the amount of 1,039,831 lei and paid social insurance contributions, social health insurance contributions and income tax in the nature of salaries amounting to 431,375 lei.

(3) Average number of employee at 31 December 2020 is :

	Financial year ended at <u>31 December 2020</u>	Financial year ended at <u>31 December 2019</u>
Average number of employees	281	473

(4) Financial Guarantees granted / received by the company.

In 2020, the company did not grant or receive financial guarantees.

(5) Insurance policies held by the company

The company holds the OMNIASIG insurance policy series F no. 2553688 for a period of one year, from 25.05.2020 to 24.05.2021 (renewed annually), representing fire insurance and other risks (risk packages) for a declared value of 29,009,910 lei of a number of 25 buildings and industrial production halls owned by the company.



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In 2020, the company held the OMNIASIG insurance policy series F no. 2543683 for a period of 12 months, namely from 23.11.2019 to 22.11.2020, representing fire insurance and other risks (risk packages) for stocks (raw materials, inventory items, finished products) with a declared value of 24,651,575 lei.

All the insurance policies that the company has concluded have generated financial costs (cash outflows) and have ensured to the shareholders, administrators of the company, commercial and banking partners stability and confidence in the present and future commercial and financial activities of the company.

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

Company runs its business based on the following regulatory acts:

- Environmental authorization no. PH-259 from 02.10.2019, valid until 02.10.2024 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: 109 from 14.06.2019 valid until 15.06.2022;
- Certificate of registration in the register of authorized economic operator performing waste recovery operations no. 0325 /150256/24.02.2020 issued by the Ministry of Economy - Department of Industrial Policy valid until 31.03.2021.

Environmental factors (water, wastewater, air-emission, air -immission, soil, waste) were monitored as required by law applicable to the activities of SC Uztel S.A. (monthly, quarterly, semi-annually). Comply frequency imposed by environmental permit and no exceeding to maximum limits imposed was found.

Environmental management program conducted in 2020 was achieved to 100%. Proposed actions aimed at waste management, emission and immission, drinking water and waste water

Dangerous chemical substances and preparations were purchased, stored, handled and used in compliance with current legislation, according to safety data sheets.

(7)Aspects of legal disputes of the company

As a creditor, the company undertook all legal steps necessary to recover outstanding trade receivables from legal and physical persons, carrying out during the financial year 2019 a number of commercial files through the competent courts, files at different stages of trial and enforcement and is civil party (without material implications) in the work group files (labor litigation) with former employees .

Enforcement	2 files
Insolvency procedure	14 files
Labor Disputes (labor groups, special conditions, claims, dismissal appeal)	108 files

In order to recover debts from legal or natural persons, the company proceeded to issue notifications, summons or agreement amicably in order to settle the dispute.

The company monitors regularly the outstanding commercial receivables and apply the best estimates for their accountability and accounting.



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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 statements 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 adjustment values in risk-held on international financial markets beginning with 2016 affected their performance, including financial and banking market in Romania, leading to increased uncertainty about future economic developments.

The current crisis of liquidity and credit succeeded in low and difficult access to capital market funds, low levels of liquidity in the Romanian banking sector and higher interbank lending rates. Significant losses experienced in the global financial market could affect the Company's ability to obtain new loans and refinance its existing conditions similar to those applied to earlier 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 1 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.

Labor 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 felt 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 below expectations due to historical collapses in oil demand as the population is in quarantine / isolation, and the activity of companies has been / is suspended due to the pandemic coronavirus. There is a global surplus of oil reserves for which there is significantly diminished demand due to drastic traffic restrictions (air, naval, car) and consumption caused by the isolation of the population in the face of the coronavirus pandemic..



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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 - REORGANIZATION PROCEEDINGS

By Order no.129 dated 03.03.2017 pronounced on File no. 4732/105/2010 by Dolj Court; Department of - II- of Civil, was ordered closure of the Uztel SA company's reorganization procedures, following the fulfilment of payment obligations assumed in the plan confirmed by sentence no. 1282/ 9 October 2012 and the Uztel SA Company's reintegration into the economic circuit with continued activity.

BOARD OF DIRECTORS

In accordance with the legal provisions in force, namely amended and updated Law 31/1990, UZTEL SA proceeded to the election of a Board of Directors consisting of the following members with full powers:

PERIOD 01.01.2020 - 31.12.2020		
SURNAME NAME	POSITION	PERIOD
Hagiu Neculai	Chairman of Board of Directors	03.07.2018-31.12.2020
Popescu Ileana	Member of board of Directors	03.07.2018-31.12.2020
Serbaniuc Tudor	Member of board of Directors	03.07.2018-31.12.2020
Stan Vasile Armis	Member of board of Directors	03.07.2018-31.12.2020
Grigore Victor	Member of board of Directors	19.03.2019-31.12.2020

For the period 01.01.2020 – 31.12.2020 the total remunerations of the Board of Directors of the Company represented 1,56 % of the salary fund.

THE EXECUTIVE MANAGEMENT OF THE COMPANY - during the period 01.01.2020 – 31.12.2020 registered the following component in exercising the managerial attributions:

PERIOD 01.01.2020 - 31.12.2020			
SURNAME, GIVEN NAME	POSITION	PERIOD	DECISION / ISSUED AT
Anghel George Marinelo	General Director	01.01.2020-31.12.2020	C.M. 02/09.01.2020
Anton Laurentiu Alexandru	Commercial Director	01.01.2020-31.12.2020	Decizia 183/12.12.2019
Voica Ain Marian	Technical Director	01.01.2020-31.12.2020	Decizia 184 / 12.12.2019
Popescu Ileana	Economic Director	01.01.2020-31.12.2020	Decizia 592 / 30.11.2010
Voicu Mariana	Manager Quality Management System	01.01.2020-31.12.2020	Decizia 64/05.04.2018



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For the period 01.01.2020 - 31.12.2020 total remuneration of the executive management of the Company accounted for a share of 5,55 % of wages 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.

Uztel has identified events that occurred between the date of the balance sheet concluded on 31.12.2020 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 2021 balance sheet, as follows:

1. Changes in the executive management of the company:

- starting with 15.02.2021, Mr. Eng. Sighiartau Dan Petru fulfills the position of Commercial Director of the company according to Decision no. 49 / 09.02.2021.

2. In 2020, 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.

The evolution of the national and 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 the Presidential Decrees establishing the state of emergency and of the alert status on the Romanian territory determined social, commercial, economic and financial phenomena and aspects independent of the company and which could not be controlled by it, which led to a negative impact regarding the drastic decrease of the volume of orders and related commercial contracts. year 2020.

The decrease in the volume of orders and contracts negatively influenced the cash flow and generated the accumulation of budgetary and commercial debts. The company took steps regarding the payment rescheduling of the fiscal obligations and obtained the rescheduling of the amount of 8.860.564 lei (of which 7.458.329 lei main fiscal obligation and 1.402.235 lei delay increases) for a period of 5 years , starting with 15.02.2021, until 15.01.2026, according to the Decision for rescheduling the payment of fiscal obligations no. 294 / 22.01.2021. The guarantee of this rescheduling was carried out by instituting the insurance seizure of real estate according to the Minutes of the insurance seizure for real estate no. 1320640 / 20.01.2021, mortgaged goods to First Bank.

General Director,
Eng. Anghel George Marinelo

Economic Director
Ec. Popescu Ileana

Head of Gen. Acct. Dept.
Ec. Duta- Heroiu Maria Carmen