



**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](mailto:office@uztel.ro)

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

---

**INDIVIDUAL FINANCIAL STATEMENTS OF**

**SC UZTEL S.A. Ploiesti**

**AT 31.12.2021**

**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**



## **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](mailto:office@uztel.ro)

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

---

#### **C O N T E N T :**

**I. SITUATION OF THE INDIVIDUAL FINANCIAL POSITION**

**II. INDIVIDUAL SITUATION OF THE GLOBAL RESULT**

**III. INDIVIDUAL SITUATION OF MODIFICATIONS OF OWN CAPITALS**

**IV. INDIVIDUAL SITUATION OF CASH FLOWS**

**V. EXPLANATORY NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**



## 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](mailto:office@uztel.ro)

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

## Statement of the Individual Financial Position

For Accounting Reporting at 31 December 31 December 2021

in LEI	Nota	<u>31-December 2021</u>	<u>31-December 2020</u>
<b>Long-term Assets</b>			
Tangible assets	10	36.615.293	37.576.783
Intangible assets	10	56.207	68.052
<b>Total long-term assets</b>		<b><u>36.671.500</u></b>	<b><u>37.644.835</u></b>
<b>Current assets</b>			
Stocks	11	40.968.713	34.758.639
Trade receivables and other receivables	4	10.809.915	5.245.588
Cash and cash equivalents	4	358.763	1.286.319
<b>Total current assets</b>		<b><u>52.137.391</u></b>	<b><u>41.290.546</u></b>
<b>Total Assets</b>		<b><u>88.808.891</u></b>	<b><u>78.935.381</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Equity	5	13.413.648	13.413.648
Adjustments of equity	5	3.453.860	3.453.860
Reserves	5	34.065.517	34.986.872
Result for the period	6	330.324	(11.615.826)
Result reported	8	(1.422.418)	(2.674.097)
<b>Total Capital</b>		<b><u>49.510.607</u></b>	<b><u>49.180.283</u></b>
<b>Long term loans</b>			
Trade payables	4	2.316.313	1.049.405
Loans	4	1.215.683	1.970.135
Other debts	4	4.599.383	6.091.007
Provisions	9	220.217	225.017
<b>Total long-term liabilities</b>	4	<b><u>8.351.596</u></b>	<b><u>9.335.564</u></b>
<b>Current liabilities</b>			
Trade payables	4	12.535.867	6.747.158
Loans	4	8.468.766	8.269.583
Other liabilities	4	5.968.273	5.157.607
Income in advance	4	3.973.782	245.186
<b>Total current liabilities</b>		<b><u>30.946.688</u></b>	<b><u>20.419.534</u></b>
<b>Total debts</b>		<b><u>39.298.284</u></b>	<b><u>29.755.098</u></b>
<b>Total equity and liabilities</b>		<b><u>88.808.891</u></b>	<b><u>78.935.381</u></b>



## 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](mailto:office@uztel.ro)

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

## Statement of comprehensive income

For Accounting Reporting at 31 December 2021

in LEI	Nota	<u>31-December</u> <u>2021</u>	<u>31-December</u> <u>2020</u>
Income	12	35.861.356	35.278.237
Income from operating subsidiaries	12	-	1.039.945
Other income	12	382.913	262.531
Other gains/ (loss) -net	12	4.800	(1.599.863)
Income cost of inventories of finished goods and production in progress	12	8.408.612	(2.950.128)
Expenses with raw materials and consumables	12	(17.869.084)	(13.430.849)
Asset depreciation and amortization expense	12	(2.228.405)	(2.476.994)
Employee benefits expense	12	(18.771.090)	(21.042.713)
Contributions to Social security and insurance of employees	12	(633.351)	(769.106)
Expenses with external supply	12	(3.018.255)	(3.319.839)
Other expenses	12	(1.127.483)	(1.962.567)
<b>Operating profit /(loss)</b>	12	<b><u>1.010.013</u></b>	<b><u>(10.971.346)</u></b>
Financial income	12	187.101	538.138
Financial expenses	12	866.790	1.182.618
<b>Profit / (loss) financial activity</b>		<b><u>(679.689)</u></b>	<b><u>(644.480)</u></b>
<b>Profit / (loss ) before tax</b>	6	<b><u>330.324</u></b>	<b><u>(11.615.826)</u></b>
<b>Profit / ( loss ) of period - net</b>	6	<b><u>330.324</u></b>	<b><u>(11.615.826)</u></b>
<b>Total consolidated income for the period</b>		<b><u>330.324</u></b>	<b><u>(11.615.826)</u></b>
<b>Earnings per Share</b>	6	<b><u>0,06</u></b>	<b><u>(2,16)</u></b>
<b>Number of shares</b>	6	<b><u>5.365.459</u></b>	<b><u>5.365.459</u></b>



## 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](mailto:office@uztel.ro)

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

#### Statement of Changes in Equity For Accounting Reporting at 31 December 2021

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

In LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
<b>Balance at 01 January 2021</b>		13.413.648	3.453.860	1.985.076	32.370.664	631.133	(2.674.097)	49.180.284
Reserve Reclassification From Revaluation At reported Result	8	-	-	-	-	-	937.871	937.871
Legal reserve	6	-	-	16.516	-	-	(16.516)	-
Net Profit of the period	6	-	-	-	-	-	330.324	330.324
Transfers between Equity accounts		-	-	-	(937.872)	-	-	(937.872)
<b>Balance at 31 December 2021</b>		13.413.648	3.453.860	2.001.592	31.432.792	631.133	(1.422.418)	49.510.607



## 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](mailto:office@uztel.ro)

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

### Statement of cash flows For Accounting Reporting at December 31 2021

	<u>31-</u> <u>2021</u> lei	<u>31-December</u> <u>2020</u> lei	<u>31-December</u> <u>2019</u> lei	<u>31-December</u> <u>2018</u> lei
<b>Net profit for the year</b>	<b>330.324</b>	<b>(11.615.826)</b>	<b>543.176</b>	<b>783.882</b>
Expenses related to profit tax	-	-	-	-
Depreciation / impairment of long-term assets	2.228.405	2.476.994	2.948.713	3.504.520
Expenses with assigned assets	32.000	843.485	194.777	104.601
Active disposal income	(169.439)	(252.563)	(308.609)	(70.493)
Adjustments for impairment of receivables	-	1.077.744	-	-
Revenue / (expense) related to current value adjustments	-	2.693.898	-	-
Interest expenses	(517.998)	(605.349)	(696.285)	(371.361)
Interest income	1.681	2.701	3.468	4.435
Gain / (loss) from exchange rate differences	170.669	(26.455)	(156.030)	20.470
<b>Movements in working capital</b>	<b>1.745.318</b>	<b>6.210.455</b>	<b>1.986.034</b>	<b>3.192.172</b>
Increase / (decrease) in trade receivables and other receivables	(5.562.835 )	4.130.449	4.609.905	(276.205)
Increase / (decrease) in other current assets	(1.492)	(686)	(2.022)	1.642
Increase / (decrease) in inventories	6.379.529	(5.789.020)	(4.260.129)	(2.475.847)
Increase / (decrease) in trade payables	(10.814.18	7.008.127	7.129.206	(652.153)
Increase / (decrease) in deferred revenue	1.350	2.500	-	-
Increase / (decrease) other liabilities	1.241.026	(6.671.369)	(3.077.948)	1.554.184
<b>Cash used in operating activities</b>	<b>(8.756.605</b>	<b>(1.319.999)</b>	<b>4.399.012</b>	<b>(1.848.379)</b>
Profit tax paid	-	-	-	-
Interest paid	(517.998)	(605.349)	(696.285)	(371.361)
<b>Cash generated from operating activities</b>	<b>(7.198.961</b>	<b>(7.330.719)</b>	<b>6.231.937</b>	<b>1.756.314</b>
<b>Net cash from investing activities</b>	<b>(436.928)</b>	<b>(651.489)</b>	<b>(953.048)</b>	<b>(276.235)</b>
Payment in cash for the purchase of fixed assets	(436.928)	(651.489)	(953.048)	(276.235)
<b>Net Cash from funding activity</b>	<b>6.708.333</b>	<b>7.297.358</b>	<b>(4.638.377)</b>	<b>(1.920.900)</b>
Cash repayments of borrowings	(1.005.938)	(1.005.938)	(4.633.675)	(1.873.126)
Cash collected from loans and credits	7.714.313	7.263.645	-	-
Receipts from subsidies for the payment of staff in technical unemployment	-	1.039.945	-	-
Dividends paid	(42)	(294)	(4.702)	(47.774)
<b>Net Increase / decrease in cash and cash equivalents</b>	<b>(927.556)</b>	<b>(684.850)</b>	<b>640.512</b>	<b>(440.821)</b>



## 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](mailto:office@uztel.ro)

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

---

Cash and cash equivalents at beginning of period	<b>1.286.319</b>	<b>1.971.169</b>	<b>1.330.657</b>	<b>1.771.478</b>
Cash and cash equivalents at end of period	<b>358.763</b>	<b>1.286.319</b>	<b>1.971.169</b>	<b>1.330.657</b>
Increase / decrease in net cash and cash equivalents	<b>(927.556)</b>	<b>(684.850)</b>	<b>640.512</b>	<b>(440.821)</b>

The financial statements were approved by the Board of Directors and were authorized to be issued on 28.04.2022.



## 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](mailto:office@uztel.ro)

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

## NOTES TO INDIVIDUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AT DECEMBER 31, 2021

### 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 31.12.2019.

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

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

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

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

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

#### Description of the Company's business.

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

Since establishment "Company Romano - Americana" was meant to drilling, processing and distribution of petroleum products in Romania. The company was nationalized in 1948 and has expanded its business by embedding business of oilfield equipment repairs.

In 1950 it was renamed "Uzina Teleajen" and became a unit independent of the refinery sector.

In 1958 the company was taken over by the Ministry of Oil and Chemistry and in 1963 became a part of the General Directorate for Construction and Repair Oil Equipment. After 1966 the company was under the Ministry of Petroleum.

The company was founded and registered in the Trade Registry Prahova on 02.15.1991, at no. J29 / 48/1991, with unique registration code RO 1352846 under the name S.C. UZTEL S.A. as a joint stock company, Romanian legal person with unlimited runtime in accordance with Law No.31 / 1990 - Companies Law. Until 1990 it was called "Oil and Repair Equipment Company Teleajen" and then, based on Law No.15 / 1990, Law No.31 / 1990 H. G.no. 1213/1990 was reorganized as a company, registered with the name S.C. UZTEL S.A.

In 2004 the company was privatized as a result of the contract of sale of shares No.77 / 2004 signed between A.V.A.S. Bucharest as Seller and the Consortium Association UZTEL Ploiesti and Array Products CO LLC as Buyer.





## UZTEL 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](mailto:office@uztel.ro)

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

---

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

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

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

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

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

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

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

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

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

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



## 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](mailto:office@uztel.ro)

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

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

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

The company has an integrated production with local design skills, applies high technologies according to the product specifications API and EC standards. The Department of Environmental Quality S.S.M., using modern laboratories and procedures, ensures compliance with international standards ISO-14001-2015, ISO 9001-2015, ISO 45001/2018 and API Q1 specification. UZTEL continuously maintains and improves the quality management system "SMC" ISO 9001: 2015 and API Spec. Q1, integrated with the environmental management system according to ISO 14001 and the occupational health and safety system according to ISO 45001, certified by GR EUROCERT SRL Ploiesti, to ensure the quality of the products against the background of the environment and to create a safe and healthy working climate at work.

## 2. BASIS OF PREPARATION OF INDIVIDUAL FINANCIAL STATEMENTS IAS 1.12

### a. *Statement of compliance with IFRS*

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

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

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

The financial statements have been prepared using the standards and interpretations issued on December 31, 2021, based on the accounting policy manual in effect at that date. As part of the process of transition to IFRS, the Company also prepared the necessary financial statements to provide comparative information for the financial year ended December 31, 2021. For the preparation of the annual financial statements based on IFRS, the Company proceeded to the inventory of the elements

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

Significant adjustments to the statutory financial statements refer to:

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

requirements in accordance with IFRS.

These financial statements have been prepared in accordance with the historical cost convention except for those presented below in the accounting policies.

Uztel SA is not part of a group of entities under the control of a parent company, is not in a consolidation perimeter and does not apply IFRS 10 - Consolidated financial statements.

The Board of Directors assumes responsibility for the preparation of the financial statements as at 31.12.2021 and confirms that they are in accordance with the applicable accounting regulations, and the company carries out its activity in conditions of continuity.



## 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](mailto:office@uztel.ro)

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

---

#### ***b. Basis of valuation***

IFRS require that the financial statements prepared on a historical cost basis be adjusted, taking into account the effect of inflation, if it was significant (IAS1.106) to include the revaluation of tangible and adjusted according to International Accounting Standard IAS 29- Financial Reporting in hyperinflationary economies, until 31 December 2003. From 1 January 2004, the Romanian economy is no longer considered hyperinflationary.

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

The Company does not apply IFRSs issued and not in force on 31.12.2021, cannot estimate the impact of non-application of these provisions on the individual financial statements, but intends to apply these provisions once they enter into force.

#### ***c. Ongoing activity***

The financial statements have been prepared under ongoing business principle assumption

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

The Management of the Company analysed the forecasts regarding the future of the operational activity, highlighting, at least for 2021, a volume of entries insured both by the execution of some existing contracts, but also by the reasonable certainty of contracting new works.

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

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 a significantly diminished demand due to the drastic restrictions of circulation (air, naval, car) and consumption caused by the isolation of the population in front of the coronavirus pandemic.

Based on the analyses made, the Company's Directors confirm that it will be able to continue its activity in the foreseeable future and therefore the application of the principle of continuity of activity is justified and appropriate for the preparation of the financial statements based on this principle.

#### ***d. Functional and presentation currency***

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

#### ***e. Use of estimates and judgments.***

Preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates are made based on the most reliable information available at the date of the financial statements but actual results may differ from these estimates. Actual results may differ from these estimates.



## 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](mailto:office@uztel.ro)

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

---

The estimates and underlying assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods affected as of IAS 1.125. In accordance with IAS 36, both tangible and intangible assets are reviewed at the balance sheet date to identify whether there are indicators of impairment.

The most significant estimates and decisions that have an impact on the amounts recognized in the financial statements are estimates of the economic life of tangible assets (i.e. equipment), determine the recoverable amount of tangible assets involving a lease, the estimated provisions for doubtful debts , for depreciation of old stocks and stocks without movement, provisions for risks and charges.

### 3. ACCOUNTING POLICIES

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

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

In order to comply with IAS1.134 Society presents:

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

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

In the process of applying the Company's accounting policies, management has not made significant assumptions apart from those involving estimates of reserves for receivables, inventories and litigation that have significant effect on the amounts in the financial statements.

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

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

Distinction current / fixed assets and current/long term debt

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

#### *a. Transactions in foreign currencies*

According to IAS 1.51 (d), (e) foreign currency transactions are expressed in RON by applying the exchange rate at the date of the transaction. Monetary assets and liabilities expressed in foreign currency at the end of the period are expressed in RON at the exchange rate from that date. Gains and losses on exchange differences, realized or unrealized, are recorded in the profit and loss account for the respective year, in accordance with



## 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](mailto:office@uztel.ro)

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

IAS 21.

The official exchange rates used to convert foreign currency balances as of June 30, 2021 are as following:

<u>Currency</u>	<u>31 December 2021</u>
1 Euro	4,9481 lei
1 USD	4,3707 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**

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



## 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](mailto:office@uztel.ro)

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

---

#### **Cash and cash equivalents**

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

#### **Short-term investments**

The Company does not own short term financial investment at 31.12.2021.

#### ***c. Non-derivative financial debt***

The company initially recognizes the debt instruments issued and the subordinated debts on the date they are initiated. All other liabilities (including liabilities designated at fair value through profit or loss) are initially recognized at the trade date, when the company becomes a party to the contractual terms of the instrument.

The Company derecognizes a financial liability when its contractual obligations are settled, cancelled or expires.

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

The company has the following non-derivative financial debts: assignment / discount of invoices, bank loans, commercial debts and other debts.

Such financial liabilities are initially recognized at fair value plus any directly attributable trading costs.

Subsequent to the initial recognition, these financial liabilities are measured at amortized cost using the effective interest method

#### ***d. Trade payables***

Payables to suppliers and other payables are recognized initially at fair value plus directly attributable transaction costs. Subsequently, they are recognized at amortized cost less impairment losses using the effective interest method. Amortized cost approximates the nominal value.

Payables and other liabilities at amortized cost include the invoices issued by the suppliers of goods, works and services rendered.

#### ***e. Interest bearing borrowings***

Borrowings are recognized initially at fair value, net of transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost, any difference between cost and redemption value being recognized in the statement of comprehensive income during the loan based on an effective interest rate.

Net financing costs include interest on borrowings calculated using the effective interest rate method, less capitalized costs capitalized in assets, interest receivable on funds invested, dividend income, favourable and unfavourable foreign exchange differences, risk fees and commissions.

Interest income is recognized in profit or loss in the year they occur, using the effective interest rate method.



## 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](mailto:office@uztel.ro)

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

---

Dividend income is recognized in profit or loss on the date the Company's right to receive dividends is recognized.

#### **f. Equity (share capital)**

##### **Ordinary shares**

Ordinary shares are classified as part of equity. Incremental costs directly attributable to issue ordinary shares and share options are recognized as a deduction from equity net of tax effects. Dividends on equity holdings (capital) established in accordance with General assembly of Shareholders (AGA) Decisions are recognized as a liability in the period in which their distribution is approved.

#### **g. Tangible assets**

Under IAS 16 property, plant and equipment are initially recorded at acquisition cost. Intangible assets visible through financial statements were included in the revalued amount less accumulated depreciation and adjustments for depreciation or impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Tangible assets include land, buildings, construction, machinery and equipment and other tangible assets and tangible assets in progress.

Starting May 1, 2009, statutory reserves from the revaluation of fixed assets, including land, performed after 1 January 2004, which are deducted from taxable income through tax depreciation or expenditure on assets balance and / or scrapped, are subject to tax while tax depreciation deduction, when writing off books of these assets, as appropriate.

Statutory reserves from revaluation of fixed assets, including land, made up to 31 December 2003 plus the portion of the revaluation performed after January 1, 2004 for the period up to April 30, 2009 will not be taxed at the time of transfer to reserves representing surplus revaluation reserve, but when changing their destination.

The statutory reserves are made taxable in the future, when changing of reserves destination in any form, in case of liquidation, merger of the Company, including its use to cover accounting losses, except for transfer, after 1 May 2009, the reserves for assessment after 1 January 2004.

When parts of a tangible asset have different service lives, they are considered separate asset.

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

When an asset is reclassified as investment property, the property is revalued at fair value. Gains arising from revaluation are recognized in the income statement only to the extent there is a loss of impairment of the property and any remaining winnings recognized as other elements of overall income and presented in the revaluation reserve in equity. Any loss is recognized immediately in profit or loss. Subsequent costs are capitalized only when it is probable that such expenditure will generate future economic benefits of the Company. Maintenance and repairs are expenses in the period

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

The company was founded in 1904 and became the joint stock company under Law no. 15/1990 regarding the reorganization of state economic units as autonomous kings and commercial companies and based on GD no. 1213/20 November 1990. During all this period the company had an uninterrupted production activity. The company UZTEL operates in a compact perimeter of approximately 20 ha in the peripheral industrial area of the city of Ploiesti, and the industrial buildings and halls they use within this perimeter are in a close



## 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](mailto:office@uztel.ro)

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

connection with the manufacturing process, from the buildings - industrial halls intended for the hot sectors (ex-steel foundry, cast iron and non-ferrous buildings, forge building, model building) to industrial halls mechanical processing (ex-building for mechanical processing, building of oil equipment) to buildings - assembly halls, assembling, assembly tests, tests (ex - building of valves and machines, building of paint - packaging, warehouse hall for assembly).

The company owns on 31.12.2021 technological equipment, measuring, control, and adjustment, transportation, furniture and office equipment with a net book value of 7.337.406,94 lei, with a life span between 2 - 22 years, used in industrial purpose, put into operation since 1970.

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

The Company has chosen, through accounting policies for the property, plant and equipment class, to apply IAS 16.34 and to perform the accounting revaluation of property, plant and equipment with sufficient regularity to ensure that the carrying amount does not differ too much from what would have been determined by using the right value at the balance sheet date.

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

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

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

	Book net value	Fair value	Difference
year 2011	37.848.508,91	33.181.183,00	- 4.667.325,91
Year 2013	29.005.259,62	31.448.397,00	+ 2.443.137,38
Year 2021	10.394.480,05	-	-

The total net book value of buildings and constructions decreased by the amount of depreciation in 2011 - 2013 by 8.843.249,29 lei, in 2013 - 2018 by 13.596.206,83 lei and in the period 2018 - June 2020 by 1.344.420,90 while the fair value in 2013 decreased compared to the fair value in 2011 by 1.732.786,00 lei.





## 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](mailto:office@uztel.ro)

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

#### – Technological equipment, technical installations, machines, furniture and office

lei

	Book net value	Fair value	Difference
year 2007	14.960.673,69	19.580.900,00	+ 4.620.226,31
year 2021	7.337.406,94	-	-

The total net book value of the technological equipment, technical installations, cars, furniture and office equipment decreased on account of the depreciation between 2007 – 2021 by 7.623.266,75 lei.

#### *h. Depreciation*

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

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

Depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognized.

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

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

#### *i. Assets acquired by leasing*

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

Under IAS 17 leases in which the Company assumes all the risks and rewards of ownership are classified as finance leases. Tangible assets acquired through finance leases are stated at least between the market value and the present value of future payments, less accumulated amortization and impairments of value.



## 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](mailto:office@uztel.ro)

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

---

Lease payments are recorded in accordance with accounting policy. Fixed assets acquired in finance leases are depreciated over their lifetime.

On 31.12.2021 the Company does not hold assets bought by leasing.

#### *j. Intangible assets*

Intangible assets with determined service life are amortized over the economic life and assessed for depreciation whenever there are indications that intangible assets may be impaired. The amortization period for an intangible asset with a useful life determined is reviewed at least at each financial 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. In accordance with IAS 38, intangible assets are presented in the statement of financial position at cost less any accumulated amortization and any accumulated impairment losses. Depreciation is recognized in profit or loss on a straight-line method basis during the estimated useful lives of the intangible asset. Expenditure related to the acquisition of software licenses is capitalized based on the costs of procurement and commissioning of programs. Costs associated with developing or maintaining computer software programs are recognized as expenses when registering.

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

The company uses the following lifetimes for intangible assets:

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

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

#### *k. Inventory*

According to IAS 2, inventories consist of raw materials and supplies, goods, spare parts, semi-finished products and packaging, and other materials. These are recorded at their entry as inventory at the acquisition price and acquisition are expensed or capitalized, as appropriate, when consumed. The cost of inventories is determined based on the FIFO method. Inventory accounting method is **ongoing inventory method**, quantity and value management being watched (store sheet and Integrated Informatics Storage Program SIVICO Applications - SVAP 2011). The value of production in progress and finished products includes direct cost of materials, labour and indirect costs of production that we have built.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, if any, and expenses of sale.

Inventory items are treated as inventory, passing on costs is performed entirely in putting them into use, tracking them extra accounting.

Patrimony assessment at the end of the financial year is influencing stocks, with differences (+ / -).



## 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](mailto:office@uztel.ro)

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

---

#### ***l. Dividends***

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

#### ***m. Employees Benefits***

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

#### ***n. Provisions***

A provision is recognized when, and only when the following conditions are met: the Company has a present obligation (legal or implicit) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation when a reliable estimate can be made regarding the amount of the obligation. Where the effect of the temporary value of money is material, the amount of a provision is the present value of the expenditures is expected to be required to settle the obligation. Provisions are measured at the present value of cash flows using a discount rate that reflects current market situation and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted annual financial statements to reflect the current best estimate of the Company's management in this regard. Where to settle an obligation is no longer probable that an outflow of resources, provision is cancelled by resuming revenue. No provisions are recognized for costs that are incurred for the activity in the future.

#### ***o. Income***

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), VAT, returns and discounts. Sales of services are recognized in the period, to which it relates, by their nature (operational, financial).

Financial income comprise interest income 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.



## 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](mailto:office@uztel.ro)

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

---

#### *r. Income tax*

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

Dividend tax is recorded at the same time when debts are recognized on dividend payment.

Income tax rate used to calculate the current and deferred income tax at December 31, 2021 was 16%.

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

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

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

#### *s Earnings per share.*

In accordance with IAS 33, earnings per share are calculated by dividing profit or loss attributable to owners of the weighted average number of shares subscribed.

The weighted-average shares outstanding during the year represents the number of shares at the beginning of the period, adjusted number of shares issued multiplied by the number of months in which the shares were outstanding during exercise.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or alternatives are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions. Result of diluted earnings per share is consistent with that of basic earnings per share namely, to assess the interest of each ordinary share in the performance of an entity

#### **t. Implications of the new International Financial Reporting Standards (IFRS) New standards and amendments to existing standards issued by the IASB but not yet adopted by the U.E.**

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

- IFRS 14 *Deferred accounts related to the regulated activities* - the standard enters into force for annual periods starting on or after January 1, 2016. The European Commission has decided not to issue the approval process for this interim standard and to wait for the final standard to be issued,

- IFRS 16 *Leasing Contracts* - adopted by the EU on October 31, 2017 (applicable for annual periods beginning on or after January 1, 2019), According to IFRS 16, the lessee recognizes a right of use and a lease liability. The right of use is treated similarly to other non-financial assets and depreciated accordingly. The lease debt is initially measured at the amount of the lease payments due under the terms of the lease, reduced to the default rate in the contract, if this can be easily determined. If that interest cannot be determined, the tenant will use his interest on the loan. As with its predecessor IFRS 16, IAS 17, the parties classify leases as



## 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](mailto:office@uztel.ro)

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

---

operating or financial. A lease is classified as a finance lease if it transfers all the risks and rewards of ownership. Otherwise, a lease is classified as an operating lease. For financial leasing contracts, the lessor recognizes the income during the contract period based on a model that reflects a constant periodic rate of return on net investment. A lessor recognizes operating lease payments as linear income or, if deemed more representative, depending on how the benefits from the use of the asset diminish. IFRS 16 is valid for annual periods beginning on or after 1 January 2019. IFRS 16 replaces existing leasing instructions, including IAS 17 Leasing, IFRIC 4 *Determining the extent to which a commitment contains a lease*, SIC-15 Operating leasing - Incentives and SIC-27 Assessing the economic value of transactions involving the legal form of a contract leasing. Earlier adoption of the standard is permitted for entities that apply IFRS 15 on or before the initial application of IFRS 16. The standard eliminates the current dual accounting model for tenants and requires companies to bring most leases into balance sheets in a single model, eliminating the distinction between operational and financial leases. In accordance with IFRS 16, a contract is or contains a lease where it confers the right to control the use of an identified asset for a period of time in exchange for compensation. For such contracts, the new model requires the lessee to recognize a right to use the asset and a right to lease. Assets with the right to use are depreciated and the debt generates interest. This will result in higher expenses at the beginning of the lease, even if the tenant pays constant rents. The tenant's accounting remains largely unaffected by the introduction of the new standard, and the distinction between operational and financial leasing contracts will be maintained.

The company does not have ongoing leases and there are no implications for the application of this standard.

- *IFRS 17 Insurance contracts* - applicable for annual periods beginning on or after January 1, 2021,
- *Amendments to IFRS 3 Business combinations - Definition of an enterprise* - applicable to business combinations whose acquisition date starts with or after the first annual reporting period starting with or after January 1, 2020 and of asset purchases taking place with or after that period,–
- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures* - Sale of or contribution with assets between an investor and its associates or its joint ventures and subsequent amendments (effective date has been deferred on the indefinite period, until the research project regarding the method of equivalence will be completed),
- *Amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors* - Definition of materiality - applicable for annual periods starting on or after January 1, 2020,
- *Amendments to IAS 19 Employee benefits* - Modification, reduction or settlement of the plan - applicable for annual periods beginning with or after January 1, 2019,
- *Amendments to IAS 28 Investments in associates and joint ventures* - Long-term interests in associates and joint ventures - applicable for annual periods beginning on or after January 1, 2019 - Long-term interest in associates and joint ventures - Amendments have been introduced to clarify that an entity applies IFRS 9 including its impairment requirements, term interest in a partnership or joint venture, but to which the method does not apply. equivalence. The amendments also delete paragraph 41 because the Board considered that it had repeatedly reiterated the requirements of IFRS 9 and created confusion regarding long-term interest accounting.
- *Amendments to IFRS 9 Financial Instruments - Changes in the basis for determining contractual cash flows as a result of the reform of the interest rate benchmark - adopted by the EU on 13 January 2021* - applicable for annual periods beginning on or after 1 January 2021
- *Amendments to various standards due to IFRS Improvements (2015-2017 cycle) resulting from the annual IFRS Improvement Project (IFRS 3, IFRS 11, IAS 12 and IAS 23)* with the main purpose of



## 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](mailto:office@uztel.ro)

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

---

- eliminating inconsistencies and clarifying certain applicable forms for annual periods beginning on or after January 1, 2019. The amendments clarify that: an enterprise re-evaluates its previous interest in a joint operation when it gains control of the business (IFRS 3); a company does not revalue its previous interest in a joint operation when it obtains joint control over the enterprise (IFRS 11); a company accounts for all taxable consequences of dividend income in the same way (IAS 12); and an enterprise treats, in general loans, any initial loan made to develop an asset when the asset is ready for its intended
- *Amendments to IAS 39 Financial Instruments: Recognition and Measurement* - adopted by the EU on 13 January 2021 - applicable for annual periods beginning on or after 1 January 2021.
  - *Amendments to IFRS 7 Financial Instruments*: Additional information to be provided regarding the reform of the EU interest rate benchmark - adopted by the EU on January 13, 2021. An entity shall apply these amendments to IFRS 9, IAS 39, IFRS 4 or IFRS 16.
  - *Amendments to IFRS 4 Insurance Contracts* - adopted by the EU on January 13, 2021 - applicable for annual periods beginning on or after January 1, 2021.
  - *Amendments to IFRS 16 Leases* - applicable for annual periods beginning on or after January 1, 2021.
  - *IFRIC 23 Uncertainty about the treatments applied for corporate income tax* - adopted by the EU on October 23, 2018 (applicable for annual periods beginning on or after January 1, 2019). It may be unclear how the tax law applies to a particular transaction or circumstance or whether a tax authority will accept a company's tax treatment. IAS 12 Income tax specifies how current and deferred tax is accounted for, but not how it reflects the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements of IAS 12 specifying how to reflect the effects of uncertainty in accounting for income taxes.

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

#### *Reconciliation between IFRS and accounting policies for previous financial years*

On 31.12.2012, Uztel SA reconciled between IFRS and local accounting policies applicable to previous financial years.

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

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

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

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

#### *ESEF application for issuers listed on the regulated market in Romania*

The Board of the Financial Supervisory Authority decided on March 17, 2021, to approve the Regulation on the obligation to issue by issuers whose securities are admitted to trading on a regulated market of annual financial statements in the single electronic reporting format, as a result of completion of the public consultation period and taking into account the publication in the Official Journal of the EU no. L68 of 26.02.2021 of Regulation (EU) 2021/337 of the European Parliament and of the Council of 16 February



## 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](mailto:office@uztel.ro)

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

---

2021 amending Regulation (EU) 2017/1129 regarding the EU prospectus for recovery and specific adjustments for financial intermediaries and the Directive 2004/109 / EC on the use of the single electronic reporting format for annual financial statements, in order to support the recovery from the Covid-19 crisis.

#### **u. Determining the fair value**

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

##### **1 Trade receivables and other resources**

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

##### **2 Interest bearing loans**

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

##### **3. Tangible assets**

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

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

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

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

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

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



## 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](mailto:office@uztel.ro)

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

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

#### Comparative situations

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

#### Correction of accounting errors IAS 8

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

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

According to IAS 8 "*Accounting policies, changes in accounting estimates and errors*", accounting policies represent the specific principles, rules, conventions, bases and practices applied by this company when preparing and presenting the financial statements. It provides that the voluntary change of an accounting policy is to be made only if such change is required by a Standard or an interpretation and results in financial statements that provide more reliable and relevant information about the effects of transactions, other events or conditions regarding the financial position.

The company did not apply in 2021 the provisions of IAS 8.28 regarding changes in accounting policies.

## 4. RISK MANAGEMENT

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

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

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

#### *Credit risk*

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

	<u>Accounting reporting at</u> 31 December 2021	<u>Accounting reporting at</u> 31 December 2020
		(lei)
		(lei)
Trade and other receivables	10.809.915	5.245.588





## 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](mailto:office@uztel.ro)

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

For other operations, where the amounts are significant, references to the creditworthiness references are normally obtained for all new customers, debt maturity date is carefully monitored and the amounts not collected at the negotiated terms are the subject of warnings and notifications sent to the company's internal and external clients.

The following balance sheet elements were identified under credit risk and were within the following exposure classes:

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

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

#### ▪ Trade receivables and other receivables

At December 31, 2021, the company's trade receivables situation is as follows:

Receivables at 31.12.2021			lei
RECEIVABLES	Balance at 31.12.2021	Maturity	
		Less 1 year	Over 1 year
0	1 = 2 + 3	2	3
<b>Total, of which:</b>	<b>10.809.915</b>	<b>10.664.645</b>	<b>145.271</b>
Domestic Client	<b>4.780.032</b>	4.780.032	-
External Client	<b>3.419.886</b>	3.419.886	-
Doubtful client, litigation	<b>614.293</b>	-	614.293
Salary advance	<b>16.800</b>	16.800	-
Suppliers' borrowers	<b>376.914</b>	376.914	-
Debtors	<b>1.594.859</b>	1.594.859	-
Other receivables (VAT not due, accrued expenses and settlement systems in operation during clarification)	<b>476.154</b>	476.154	-
Adjustments for impairment of client receivables	<b>(469.022)</b>	-	(469.022)

The sum of 476.154 lei registered in the "other receivables" account refers to the amounts from account 4428 (non-eligible VAT) = 124.903 lei; account 4382 (other receivables - medical leave) = 338.553 lei; account 471 (expenses in advance) = 5.141 lei and account 4412 (deferred profit tax) = 7.557 lei.



## 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](mailto:office@uztel.ro)  
 FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: [www.uztel.ro](http://www.uztel.ro)

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

lei

Trade receivables and other receivables	Balance at	from which overdue		
	31.12.2021	31-90 days	91-120 days	> 120 days
1. Internal clients	4.780.032,00	1.674.298,71	114.288,41	691.601,00
2. External clients	3.419.886,00	416.585,00	-	555.508,49
3. Internal doubtful clients	614.293,00	-	-	614.293,00
4. Adjustment for depreciation	(469.022,00)	-	-	(469.022,00)
5. Debtor Suppliers	376.914,00	-	-	376.914,00
<b>Net receivables</b>	<b>8.722.103,00</b>	<b>2.090.883,71</b>	<b>114.288,41</b>	<b>1.769.294,49</b>

From the annual volume of sales made in 2021, amounting to 35,861,356.13 lei, the company's internal and external customers represent:

- internal clients amounting to 18.494.472,27 lei, a share of 51,57% in turnover;
- external clients (usd) amounting to 4.617.945,64 lei, a share of 12,88% in turnover;
- external clients (euro) amounting to 12.748.938,22 lei, a share of 35,55% in turnover.

#### Accounting report at      Accounting report at

**31 December 2021**      **31 December 2020**

(lei)

(lei)

Debts	35.104.285	29.284.895
Provisions for risks and debentures	220.217	225.017
Income recorded in advance	3.973.782	245.186
<b>Total debts</b>	<b>39.298.284</b>	<b>29.755098</b>

- **Trade and other debts**

At 31 December 2021, the company's debts are as follows:

Debt situation on 31.12.2021				lei
DEBTS	Balance at 31.12.2021	Maturity		
		Less 1 year	1-5 years	Over 5 years
0	1 = 2 + 3 + 4	2	3	4
<b>Total, of which:</b>	<b>39.298.284</b>	<b>30.946.688</b>	<b>8.351.596</b>	-
Amounts owed to credit institutions	<b>9.684.449</b>	8.468.766	1.215.683	-
Advances received on account of orders	<b>3.973.782</b>	3.973.782	-	-
Trade debts - suppliers	<b>14.852.180</b>	12.535.867	2.316.313	-



## 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](mailto:office@uztel.ro)

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

Other liabilities, including tax liabilities and social security liabilities	<b>10.567.656</b>	5.968.273	4.599.383	-
Provisions and income recorded in advance	<b>220.217</b>	-	220.217	-

The amount in the amount of 10.567.656 lei recorded in the account "Other debts, including fiscal debts and debts regarding social insurances" refers to:

- the amounts from account 462 (various creditors - rescheduling agreements) = 664.013 lei;
- Account 457 dividends = 1.569.741 lei , of which rescheduling agreements 1.007.874 lei;
- current salary debts = 854.141 lei;
- budget debts = 7.479.761 lei, of which current budget debts = 2.880.378 lei and budget debts greater than one year = 4.599.383 lei.

The decrease in the volume of orders and contracts negatively influenced the cash flow and generated the accumulation of commercial debts and the registration of delays in the payment of budgetary, salary and commercial obligations. The company took steps regarding the rescheduling of the payment of budgetary fiscal obligations and obtained the rescheduling of the amount of 8.860.564 (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 of 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, assets mortgaged to First Bank.

During 2021, the Company paid, according to the schedule, budgetary obligations in the amount of 1.420.358 lei, of which 1.367.322 lei were the main fiscal obligation and 53.036 lei were interest during the rescheduling period.

lei

Trade receivables and other receivables	Balance at	from which overdue		
	31.12.2021	31-90 days	91-120 days	> 120 days
1. Internal clients	12.902.611,07	4.446.927,08	1.364.989,38	4.867.284,82
2. External clients	1.575.337,71	42.216,04	26.928,35	665.538,18
3. Debtor customers	3.972.632,26	-	-	-
<b>Net receivables</b>	<b>18.450.581,04</b>	<b>4.489.143,12</b>	<b>1.391.917,73</b>	<b>5.532.823,00</b>

From the annual volume of acquisitions made in 2021, amounting to 24.437.692,50 lei, the company's internal and external suppliers represent:

- internal suppliers amounting to 22.622.836,28 lei, a share of 92.57% in total acquisitions;
- external suppliers (usd) amounting to 551.007,78 lei, a share of 2.25% in total acquisitions;
- external suppliers (euro) amounting to 1.263.848,44 lei, a share of 5.18% in total acquisitions..



## 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](mailto:office@uztel.ro)

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

#### **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.

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.

#### **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.

	<b>Accounting report at</b>	<b>Accounting report at</b>
	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
	<b>(lei)</b>	<b>(lei)</b>
Interest paid	517.998	605.349

#### ***Liquidity risk***

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

	<b>Accounting report at</b>	<b>Accounting report at</b>
	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
	<b>(lei)</b>	<b>(lei)</b>
Cash and availability on demand	358.763	1.286.319
<b>Total cash and equivalent</b>	<b>358.763</b>	<b>1.286.319</b>

#### ***Currency risk***

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

	<b>Accounting report at</b>	<b>Accounting report at</b>
	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
	<b>(lei)</b>	<b>(lei)</b>
Net result of exchange rate differences	(170.669)	(26.455)



## 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](mailto:office@uztel.ro)

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

---

#### *Market risk*

The current global liquidity crisis, which began in mid-2015, has resulted in, among other things, a low level of capital market financing, low levels of liquidity in the banking sector and, occasionally, higher rates on interbank lending and very high volatility. high stock market.

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

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

The economic, commercial and financial effects of the "oil price crisis" started in 2016 were felt in the company's activity in 2021 by decreasing production (low demand), decreasing revenues and increasing stocks of finished products (available to customers for rent). Most oil companies and drilling operators in the domestic and international market have reoriented their investment policy (procurement of oil equipment and machinery) by dividing it into economic and financial reasons into two components:

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

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

The evolution of the international epidemiological situation determined by the spread of SARS-CoV-2 coronavirus in more than 150 countries, as well as the declaration of the pandemic by the World Health Organization on 11.03.2020 and Presidential Decrees on the establishment of a state of emergency and alert on the Romanian territory, as well as the prolongation of the state of alert throughout 2021 have determined phenomena and social, commercial, economic and financial phenomena independent of society and which cannot be controlled by it, which have led and will inevitably lead to an unavoidable negative impact regarding the volume of orders and commercial contracts related to the year 2021, of the achievement of the provided budgetary indicators.

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

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

The management of the Company analysed the forecasts regarding the future of the operational activity, highlighting, at least for the period 01.01.2022 - 31.12.2022, a volume of entries ensured both by the development of existing contracts, but also by the reasonable certainty of contracting new works.



## 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](mailto:office@uztel.ro)

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

During 2021, the company faced difficulties in securing the volume of orders needed to operate in the context in which the international and domestic market was severely affected by the possible worst crisis in the last 100 years. The effects of the crisis have created difficulties in the chain in terms of:

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

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

#### *Operational risk*

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

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

- providing products and services according to the explicit and implicit quality requirements of the clients through the organization, planning and permanent monitoring of the commercial orders / contracts;
- improving the management of human resources by reducing the risks regarding the lack of qualified personnel and by maintaining and developing the professional competencies of all employees.

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

## 5. EQUITY

### *Share capital*

The share capital of SC UZTEL S.A. at 31 December 2021 worth 13.413.647,50 lei, divided in 5.365.459 shares, with a nominal value of 2,50 lei.

According to existing records in SC Central Depository S.A. and letter no. 6851 dated 17.02.2022, the situation of shareholders at 31.12.2021 is as follows:

Shareholder	Nmb. of shares held	share %
UZTEL Association	4.498.300	83,8381
Legal Entities	447.133	8,3335
Natural Persons	420.026	7,8283
<b>TOTAL</b>	<b>5.365.459</b>	<b>100,0000</b>



## 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](mailto:office@uztel.ro)  
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: [www.uztel.ro](http://www.uztel.ro)

All shares are common, were subscribed and paid in full at 31 December 2021

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

#### Legal reserves

Legal reserves are established under statutory financial statements and may not be distributed. The company transfers to the legal reserve at least 5% of annual profit until the aggregate balance sheet reaches 20% of the share capital. Once this level has been reached, the company can make additional allocations only from the net profit.

At 31 December 2021 the Company establishes legal reserve amounting to 2.001.592 lei.

	<b>Accounting report at</b>	<b>Accounting report at</b>
	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
	<b>(lei)</b>	<b>(lei)</b>
Legal reserves	2.001.592	1.985.076

At 31.12.2021 the company established a legal reserve of 16.516 lei.

#### Other reserves

	<b>Accounting report at</b>	<b>Accounting report at</b>
	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
	<b>(lei)</b>	<b>(lei)</b>
Other reserves	631.133	631.133

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

#### Revaluation reserve

The revaluation reserve is the amount of 31.432.792 lei at 31 December 2021 and includes revaluation reserves obtained after revaluation carried out by independent evaluators upon:

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

	<b>Accounting report at</b>	<b>Accounting report at</b>
	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
	<b>(lei)</b>	<b>(lei)</b>
Reserves from revaluation	31.432.792	32.370.663

The revaluation reserve decreased in 2021 with the value of 937,871 lei by capitalizing the revaluation surplus and reserves highlighted in the fiscal register, as follows:



## 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](mailto:office@uztel.ro)

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

- the value of 70,438 lei representing capitalization surplus from revaluation for tangible fixed assets out of the record by scrapping or sale during the year 2021;
- the value of 867,433 lei representing revaluation reserves highlighted in the fiscal register in 2021.

## 6. RESULT FOR THE PERIOD

### *Result for the period*

At the end of period of 2021 the Company recorded the following results:

- **The gross result from the operational activity** registered an improvement from (10.971.346) lei at 31.12.2020 to 1.010.013 lei at 31.12.2021, that means a significant increase compared to the same period of 2020;
- **The gross result from the financial activity** decreased from (644.480) lei on 31.12.2020 to (679.689) lei on 31.12.2021, i.e., a decrease compared to the same period of 2020;
- **The gross / net result of the financial year** increased from (11.615.826) lei on 31.12.2020 to 330.324 lei on 31.12.2021, i.e., a significant increase compared to the same period of 2020.

Although the global crisis that affected the oil field had a negative impact on the production of Uztel S.A. (2021 turnover slightly increasing compared to 2020 by 1.65%), the company's management made efforts to carry out the activity in conditions of continuity.

	<u>Accounting report at 31 December 2021</u>	<u>Accounting report at 31 December 2020</u>
	(lei)	(lei)
Net result (lei)	330.324	(11.615.826)
Common shares	5.365.459	5.365.459
Earnings per share (lei)	0,06	(2,16)

### *Dividends*

In 2021 the Company made payments amounting to 42,00 lei, representing net dividends due to shareholders for the years 2003, 2005, 2006, 2007 and 2008, as follows:

	lei
a) Pay second quarter I	33,60
b) Pay 3rd quarter	8,40

On 31.12.2021 Uztel SA has registered in account 457 (Dividends to be paid) the amount of 1.569.741.01 lei representing dividends due to shareholders for the years 2003 - 2008. The company did not set up and did not pay dividends for the period 2011-2021.

## 7. PROFIT TAX

	<u>Accounting report at 31 December 2021</u>	<u>Accounting report at 31 December 2020</u>
--	--	--





## 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](mailto:office@uztel.ro)

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

Gross book value	330.324	(11.615.826)
Items assimilated to revenue	70.438	2.663.755
Established legal reserve	(16.516)	-
Non-taxable Income	(4.844)	(914.911)
Non-deductible expenses	1.597.331	2.348.444
<b>Profit / ( Fiscal Loss )</b>	<b>1.976.733</b>	<b>(7.518.538)</b>
<b>Profit tax on result</b>	-	-
<b>Profit tax due</b>	-	-
<b>Net profit / (Net loss)</b>	<b>330.324</b>	<b>(11.615.826)</b>

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

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

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

We propose that the net accounting profit in the amount of 313.808.27 lei be registered in the accounting records of Uztel SA Ploiesti, as follows:

121	=	1171.02	313.808,27
Profit or loss		Profit carried forward - profit	

The accounting profit of 2021 is added to the result carried forward from the previous years - accounting loss amounting to (24.302.726,04) lei, thus the accounting loss will be (23.988.917,77) lei, representing:

- loss for 2017 amounting to (12.373.091,39) lei;
- loss related to the year 2020 in the amount of (11.615.826,38) lei.

We propose that the loss be covered after the approval by the General Meeting of Shareholders of the Note substantiating the proposal regarding the distribution of accounting profit in the amount of 313.808,27 lei and the result carried forward representing a revaluation reserve for fixed assets, amounting to 70.437,83 lei. Thus, after performing these accounting operations, the net accounting loss of the company will be in the amount of (23.918.479,94) lei, (loss in 2017: (12.302.653,56) 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 by the profit for the financial year and the carried forward one, from reserves, capital premiums and share capital, according to the decision of the general meeting of shareholders".

The fiscal profit registered at the end of 2021, established by the annual declaration of profit tax, in net value of 1.976.733,08 lei, will be cumulated with the fiscal loss registered on 31.12.2020 in net value of



## 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](mailto:office@uztel.ro)

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

(18.952.400) lei. The total fiscal loss registered on 31.12.2021 by Uztel SA Ploiesti will be (16.975.666,92) lei.

### 8. REPORTED RESULT

The result carried forward represents the cumulative result of the Company. As of December 31, 2021, the Company has a deferred result recorded in the amount of (1.422.418) lei

	<u>Accounting report at 31 December 2021</u>	<u>Accounting report at 31 December 2020</u>
	(lei)	(lei)
Reported result	(1.422.418)	(2.674.097)
Reported result under IFRS	5.365.459	5.365.459
Result per share (lei)	(0,27)	( 0,50)

### 9. PROVISIONS

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

	<u>Accounting report at 31 December 2021</u>	<u>Accounting report at 31 December 2020</u>
	(lei)	(lei)
Provisions for disputes	220.217	225.017

### 10. FIXED ASSETS

#### – Tangible assets

	land	Buildings and constructions	Machines and equipment	Other tangible assets	Tangible assets in progress	Advances for intangible assets	Total
Cost	Lei	Lei	Lei	Lei	Lei	Lei	Lei
Balance at 01 January 2021	16.342.931	30.995.658	36.286.544	166.042	2.546.484	20.363	86.358.022
Increases	-	-	1.235.894	-	1.209.523	-	2.445.417
Outputs	-	-	282.100	-	1.235.894	-	1.517.994
Balance at 31 December 2021	16.342.931	30.995.658	37.240.338	166.042	2.520.113	20.363	87.285.445



## 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](mailto:office@uztel.ro)

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

#### Cumulative depreciation

Balance at 01 January 2021	-	19.356.599	29.308.625	116.015	-	-	48.781.239
Depreciation of period	-	1.244.580	887.255	7.178	-	-	2.139.013
Outputs depreciation	-	-	250.100	-	-	-	250.100
Balance at 31 December 2021	-	20.601.179	29.945.780	123.193	-	-	50.670.152
	-	19.356.599	29.308.625	116.015	-	-	48.781.239

#### Adjustments

Balance at 01 January 2021	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance at 31 December 2021	-	-	-	-	-	-	-

#### Net book value

<b>Balance at 01 January 2021</b>	16.342.931	11.639.059	6.977.919	50.027	2.546.484	20.363	37.576.783
Balance at 31 December 2021	16.342.931	10.394.479	7.294.558	42.849	2.520.113	20.363	36.615.293

– Between January 1st and December 31st, 2021, the total value of the increases registered in the accounting records for the class “Machines and equipment” was of 1.235.894 lei representing:

- Laptop MW-B15101 MYWAY B 15, worth 2.700 lei;
- – Modernization of overhead cranes by mounting radio controls, amounting to 26.371 lei;
- Photovoltaic power plant for self-consumption, worth 1.206.823 lei.
- *The current tangible fixed assets* registered in the period January 1 - December 31, 2021 an increase in the amount of 1.209.523 lei, representing:
  - Laptop MW-B15101 MYWAY B 15, worth 2.700 lei;
  - Photovoltaic power plant for self-consumption, worth 1.206.823 lei.

Between January 1st and December 31st, 2021, the total value of the decreases registered in the accounting records for the “Machines and equipment” class was 282.100 lei, representing the removal of fixed assets sold in the amount of 29.000 lei and scrapped fixed assets in the amount of 253.100 lei.

- *The current tangible fixed assets* registered in the period January 1 - December 31, 2021 a decrease in the amount of 1.235.894 lei, representing:
  - Laptop MW-B15101 MYWAY B 15, worth 2.700 lei;
  - Modernization of overhead cranes by mounting radio controls, amounting to 26.371 lei;
  - Photovoltaic power plant for self-consumption, worth 1.206.823 lei.



## 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](mailto:office@uztel.ro)  
 FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: [www.uztel.ro](http://www.uztel.ro)

#### Intangible assets

	Development expenditures	Other intangible assets	Intangible assets in progress	Total
Cost	Lei	Lei	Lei	Lei
Balance at 01 January 2021	186.892	777.108	-	964.000
Inputs	-	77.547	-	77.547
Outputs	-	-	-	-
Balance at 31 December 2021	186.892	854.655	-	1.041.547
<b>Accrued depreciation</b>				
Balance at 01 January 2021	131.656	764.292	-	895.948
Depreciation of period	17.545	71.847	-	89.392
Outputs depreciation	-	-	-	-
Balance at 31 December 2021	149.201	836.139	-	985.340
Balance at 01 January 2021	55.236	12.816	-	68.052
Balance at 31 December 2021	37.691	18.516	-	56.207

Between January 1 and December 31, 2021, the company acquired intangible assets worth 77.547 lei, representing:

- Laptop license T5D-03308 Office home and business 2019- english eurozone medailess, worth 1.090 lei;
- technical support for the SIVCO integrated program, amounting to 56.053 lei;
- ESET Endpoint antivirus license, worth 5.570 lei;
- Software Update License & Support Oracle Database Standard Edition One Perpetual Processor Nov 2021-Nov 2022, worth 4.362 lei;
- design licenses worth 10.472 lei.

#### 11. INVENTORY

By comparison, the stocks are presented as follows:

INVENTORY	<u>31-December</u> <u>2021</u>	<u>31-December</u> <u>2020</u>
In LEI		
Raw material	1.051.539	1.179.516
Additional material	426.915	512.541
Fuels	33.984	24.131
Packaging materials	1.395	1.442



## 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](mailto:office@uztel.ro)  
FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: [www.uztel.ro](http://www.uztel.ro)

Spare parts	2.725.594	2.989.666
Other consumables	169.259	176.742
Inventory items	281.336	318.074
Products in progress	13.847.657	7.427.446
Semi- manufactured	3.095.553	3.281.452
Finished product	7.264.356	7.008.299
Difference of price of finished products	11.762.126	11.653.447
Packing	2.911	3.589
Residual products	19.000	8.990
<b>Total</b>	<b>40.681.625</b>	<b>34.585.335</b>
Advances to purchases assets such as stocks	287.088	173.304
<b>Total General Inventory</b>	<b>40.968.713</b>	<b>34.758.639</b>

## 12. INCOME FROM THE COMPANY'S BASIC ACTIVITY

The turnover for the year 2021 in the amount of 35.861.356.13 lei was obtained from the following business segments:

– the turnover for the production activity is in the amount of	35.568.359,42
– the turnover for the service activity is in the amount of	188.957,34
– the turnover for the trade activity is in the amount of	104.039,37

The turnover for the year 2020 amounting to 35.278.237 lei was obtained from the following business segments:

– the turnover for the production activity is in the amount of	35.000.128,01
– the turnover for the service activity is in the amount of	230.114,26
– the turnover for the trade activity is in the amount of	47.995,32

### OPERATING INCOME

**31-December**      **31-December**  
**2021**                      **2020**

<b>Total operating income, of which:</b>	<b>44.652.881</b>	<b>33.630.585</b>
Turnover	35.861.356	35.278.237
Income related to the cost of finished product stocks and production in progress	8.408.612	(2.950.128)
Income from the production of intangible and tangible assets	-	2.871
Income from operation subsidies for personnel payment under technical unemployment	-	1.039.945
Other operation revenues	382.913	259.660



## 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](mailto:office@uztel.ro)

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

#### OPERATING EXPENSES

	<u>31-December</u> <u>2021</u>	<u>31-December</u> <u>2020</u>
<b>Total operating expenses, of which:</b>	<b>43.642.868</b>	<b>44.601.931</b>
Expenditure on raw materials and consumables	14.586.737	10.259.019
Other material expenses	434.693	545.026
Other external expenses	2.767.495	2.657.822
Goods Expenses	80.159	44.618
Trade discounts received	-	75.636
Staff cost	19.404.441	21.811.819
Value adjustments on intangible assets, tangible assets, real estate investments and biological assets at cost	2.228.405	2.476.994
Other operating expense	-	1.616.154
Adjustments for provisions	4.145.738	5.282.406
<b>Total operating expenses, of which:</b>	<b>(4.800)</b>	<b>(16.291)</b>

#### FINANCIAL REVENUE

	<u>31-December</u> <u>2021</u>	<u>31-December</u> <u>2020</u>
<b>Total financial revenue, of which:</b>	<b>187.101</b>	<b>538.138</b>
Income from exchange rate fluctuations	178.090	531.419
Interest income	1.681	2.701
Other financial income	7.330	4.018

#### FINANCIAL EXPENSES

	<u>31-December</u> <u>2021</u>	<u>31-December</u> <u>2020</u>
<b>Total financial expenses, of which:</b>	<b>866.790</b>	<b>1.182.618</b>
Interest expenses	517.998	605.349
Other expenses	348.792	577.269

#### CASH FROM OPERATING ACTIVITY

	<u>31-December</u> <u>2021</u> lei	<u>31-December</u> <u>2020</u> lei	<u>31-December</u> <u>2019</u> lei	<u>31-December</u> <u>2018</u> lei
<b>Net result of period</b>	<b>330.324</b>	<b>(11.615.826)</b>	<b>543.176</b>	<b>783.882</b>
Profit tax cost	-	-	-	-
Depreciation / impairment of long-term assets	2.228.405	2.476.994	2.948.713	3.504.520
Expenses with assigned assets	32.000	843.485	194.777	104.601
Active disposal income	(169.439)	(252.563)	(308.609)	(70.493)



## 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](mailto:office@uztel.ro)

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

Adjustments for impairment of receivables	-	1.077.744	-	-
Revenue / (expense) related to value adjustments in respect of current assets	-	2.693.898	-	-
Interest expenses	(517.998)	(605.349)	(696.285)	(371.361)
Interest income	1.681	2.701	3.468	4.435
Gain / (loss) from exchange rate differences	170.669	(26.455)	(156.030)	20.470
<b>Movements in working capital</b>	<b>1.745.318</b>	<b>6.210.455</b>	<b>1.986.034</b>	<b>3.192.172</b>
Increase / (decrease) of trade receivables and other receivables	(5.562.835)	4.130.449	4.609.905	(276.205)
Increase / (decrease) in other current assets	(1.492)	(686)	(2.022)	1.642
Increase / (decrease) of inventory	6.379.529	(5.789.020)	(4.260.129)	(2.475.847)
Increase / (decrease) in other current assets	(10.814.183)	7.008.127	7.129.206	(652.153)
Increase / (Decrease) Revenue Received in Advance	1.350	2.500	-	-
Increase / (Decrease) of other debts	1.241.026	(6.671.369)	(3.077.948)	1.554.184
<b>Cash used for operation</b>	<b>8.756.605</b>	<b>(1.319.999)</b>	<b>4.399.012</b>	<b>(1.848.379)</b>
Profit tax paid	-	-	-	-
Interest paid	517.998	(605.349)	(696.285)	(371.361)
<b>Cash generated by operating activity</b>	<b>(7.198.961)</b>	<b>(7.330.719)</b>	<b>6.231.937</b>	<b>1.756.314</b>

### 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.

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

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

Segments identified are

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



## 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](mailto:office@uztel.ro)

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

- income from royalties, management and rental locations;

- revenues from commodities

Report on operation segments at the end of 2021 is as follows

<b>Report on operating segment at 31 December 2021</b>	<b>Value ( lei )</b>	<b>Share of total income %</b>
Income from the sale of finished products - internal	18.309.262,24	
Income from the sale of finished products - external	17.259.097,18	38,49
Income from finished products and products in progress	8.408.612,00	18,75
Income from services rendered	177.136,56	0,40
Income from rental of oilfield equipment and installation	11.820,78	0,03
Income from sale of goods	104.039,37	0,23
<b>Total</b>	<b>44.269.968,13</b>	<b>98,73</b>

Report on operation segments at the end of 2020 is as follows :

<b>Report on operating segment at 31 December 2020</b>	<b>Value ( lei )</b>	<b>Share of total income %</b>
Income from the sale of finished products - internal	21.279.694,91	62,28
Income from the sale of finished products - external	13.720.433,10	40,15
Income from finished products and products in progress	(2.950.128,00)	(8,63)
Income from services rendered	229.822,99	0,67
Income from rental of oilfield equipment and installation	291,27	-
Income from sale of goods	47.995,32	0,14

#### 14. TRANSACTIONS WITH AFFILIATED PARTIES

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

During the financial year 2021, the following commercial transactions were carried out in the nature of acquisitions of goods and services with independent legal entities (companies) that did not influence the position and financial performance of the company and were concluded under normal market conditions.

a) Sales of finished products and services:

<u>Entity name</u>	<u>Sales in 2021</u>	<u>Sales in 2020</u>
	<u>lei</u>	<u>lei</u>
Axon SRL Ploiesti	19.223,52	41.755,33
Ipsar SRL Valeni de Munte	57.098,29	-





## 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](mailto:office@uztel.ro)

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

b) Acquisition of goods and services:

<u>Entity name</u>	<u>Acquisitions 2021</u> <u>lei</u>	<u>Acquisitions 2020</u> <u>lei</u>
Axon SRL Ploiesti	851.587,83	340.518,21
Platus Com SRL Campina	38.819,25	29.646,62
Titancore SRL Ploiesti	307.961,67	113.015,81

<u>Entity name</u>	<u>Acquisitions 2021</u> <u>usd</u>	<u>Acquisitions n</u> <u>2020</u> <u>usd</u>
Shabum International LTD Tel Aviv	5.797,10	10.672,20

According to IAS 24 (Presentation of the information regarding the affiliated parties), the company considered it appropriate to describe the commercial transactions carried out with the legal entities that hold money funds as associate members of the UZTEL Association.

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

The company UZTEL SA presents the following additional information regarding the weight of the money funds held, on 31.12.2021, by the legal entities in their capacity as members of the Uztel Association, as follows:

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

Compensation granted to key management personnel:

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

	<u>2021</u>	<u>2020</u>
Gross salary paid	3.331.876 lei	2.840.294 lei

## 15. OTHER INFORMATION

(1 )Fees of auditors

In 2021, the Company's expenses related to the fees paid to auditors amounted to 353,226.80 lei, with the following component:

<u>Statutory Auditor</u>	<u>lei</u>
- Acon Business Solutions SRL Ploiesti	3.000,00



## 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](mailto:office@uztel.ro)

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

- Ecoteh Expert SRL Bucuresti	24.608,75
<b>Internal auditor</b>	
- Fin Consult Audit SRL Ploiesti	38.500,00
<b>Auditors for certification of quality management systems and products ( licenses)</b>	<b>lei</b>
- GR Eurocert SRL Ploiesti Romania	18.721,30
- ND U Test SRL Buzau	9.888,00
- Pavel VS Stefan Onesti	1.800,00
	<b>usd</b>
- American Petroleum Institut Washington USA	21.185,60
- Techstreet – Clarivate Analytics LLC Canada	912,00
	euro
Certification Center Constand	34.506,00

(2)Expenses with wages for personnel

	<b>Accounting report at</b>	<b>Accounting report at</b>
	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
	<b>(lei)</b>	<b>(lei)</b>
Expenses with wages for personnel	18.771.090	21.042.713

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

(3)Average number of employees at December 3, 2021 , developed as bellow:

	<b>Accounting report at</b>	<b>Accounting report at</b>
	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
Average number of employees	313	281

(4) Financial guarantees granted / received by the company

In 2021, 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. 2589664 for a period of 12 months, valid from 27.05.2021 to 26.05.2022 (annual renewal) , representing fire insurance and other risks for a declared value of 27.993.950 lei of a number of 25 buildings and industrial production halls owned by the company.

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

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

The company's activity is carried out on the basis of the following regulatory acts:

– Environmental authorization no. PH-259 of 02.10.2019, reviewed in 17.12.2021, valid with annual



## 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](mailto:office@uztel.ro)

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

---

visa for the production of assemblies, subassemblies, oil machinery and installations and industrial service, recovery of recyclable industrial waste, water collection, treatment and distribution, painting workshop.

- Water management authorization no. 109 from 14.06.2019 valid until 15.06.2022;
- Certificate of registration in the register of authorized economic operators that carry out waste recovery operations no. 0325 issued by the Ministry of Economy - Industrial Policies and Competitiveness Directorate, with no. registration. 0325/200.245/03.03.2021 valid until 31.03.2022.

Environmental factors (drinking water, wastewater, air emissions, air emissions, soil, waste) were monitored according to the legal requirements applicable to the activities of Uztel S.A. (monthly, quarterly, half-yearly, annually). The frequency imposed by the Environmental Permit was observed and no exceedances were registered compared to the maximum imposed limits. The program of measures for the year 2021 has been 100% completed.

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

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

#### *(7) Aspects of legal disputes of company*

Company, as the lender has taken all legal steps necessary to recover trade receivables outstanding from legal entities and individuals having in progress during 2021 a number of commercial cases through the courts, cases in various stages of judgment and execution and is part civil (no material implications) in files on groups of workers (labour disputes) with former employees.

Insolvency proceedings	9 files
Labor Disputes (labor groups, special conditions, claims, dismissal appeal)	89 files

In order to recover the receivables from legal or natural persons, the company proceeded to issue notifications, summonses or amicable settlement in order to settle the dispute. The company periodically monitors the outstanding commercial receivables and applies the best estimates in highlighting and accounting them.

## **16. COMPANY MANAGEMENT**

### **TAX LEGAL FRAMEWORK**

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

#### *Economic environment*

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



## 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](mailto:office@uztel.ro)

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

---

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

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

Current concerns that the deteriorating financial conditions contribute in a later stage to a further decrease of confidence led to efforts coordinated by governments and central banks in the adoption of special measures aimed at countering growing aversion to risk and restore normal operation of the market. The Company's management cannot predict events that could have an effect on the banking sector in Romania and then what effect would have on the company's business.

#### *Labour Framework*

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

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

UZTEL S.A. Ploiesti joins other large national and international oil companies that report commercial and financial results below expectations due to historical collapses in oil demand in conditions where the population is quarantined / isolated, 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 a significantly diminished demand due to drastic restrictions on traffic (air, sea, car) and consumption caused by the isolation of the population in the face of the coronavirus pandemic.

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 the Court 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.



## 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](mailto:office@uztel.ro)

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

## COMPANY'S BOARD OF DIRECTORS

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

:

PERIOD 01.01.2021 - 31.12.2021		
SURNAME, GIVEN NAME	POSITION	PERIOD
Hagiu Neculai	CEO	03.07.2018-31.12.2021
Popescu Ileana	Member of Board of Directors	03.07.2018-31.12.2021
Serbaniuc Tudor	Member of Board of Directors	03.07.2018-31.12.2021
Stan Vasile Armis	Member of Board of Directors	03.07.2018-31.12.2021
Grigore Victor	Member of Board of Directors	19.03.2019-31.12.2021

For the period 01.01.2021 – 31.12.2021 the total remuneration of the Board of Directors of the Company represented 2,05 % of the salary fund

**THE EXECUTIVE MANAGEMENT OF THE COMPANY** - during 01.01.2021 - 30.06.2021 was provided by:

PERIOD 01.01.2021 - 31.12.2021			
SURNAME,GIVEN NAME	POSITION	PERIOD	DECISION/DATE OF ISSUE
Anghel George Marinelo	General Director	01.01.2021-31.12.2021	C.M. 02/09.01.2020
Anton Laurentiu Alexandru	Commercial Director	01.01.2021-15.02.2021	Decision 183/12.12.2019
Sighiartau Dan Petru	Commercial Director	15.02.2021-31.12.2021	Decision 49/09.02.2021
Voica Ain Marian	Technical Director	01.01.2021-31.12.2021	Decision 184 / 12.12.2019
Popescu Ileana	Economic Director	01.01.2021-31.12.2021	Decision 592 / 30.11.2010
Voicu Mariana	Manager of Quality Management System	01.01.2021-31.12.2021	Decision 64/05.04.2018

For the period 01.01.2021 – 31.12.2021 the total remuneration of the executive management of the Company represented a percentage of 7,14 % of the salary fund.

## Events after the balance sheet date

Based on the information that the company holds so far, the shareholding structure has not changed until the date of issuance of these financial statements. Uztel has identified events that occurred between the balance sheet date ended 31.12.2021 and the date on which the financial statements are authorized for submission.



## 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](mailto:office@uztel.ro)

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

---

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. In 2021, 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 Presidential Decrees establishing the state of emergency and of the alert state 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. of the year 2021.

The decrease in the volume of orders and contracts negatively influenced the cash flow and generated the accumulation of budget and trade debts. The company makes significant financial efforts to comply with the deadlines for the payment of current and staggered budget taxes and fees according to the Decision to reschedule the payment of fiscal obligations no. 294 / 22.01.2021.

- After the closing date of the financial year on 31.12.2021, the uncertainties and risks in the economic, commercial and financial environment remain high nationally and internationally. Even if the impact of the pandemic on economic activity has diminished over time, further application of measures to limit the spread of the disease and the prolonged shortage of staff could affect economic activity. These measures could also affect the operation of supply and sales chains for a longer period than expected.
- Starting with 01.01.2022, the inflation forecasts have been revised considerably upwards compared to the forecasts for the fourth quarter of 2021. They reflect the effects of very high energy and gas prices which will lead to a significant and unpredictable increase in energy costs. utilities in total operating expenses of the company.
- The challenges of 2022: rising prices for raw materials and materials, higher bank interest rates, high utility bills (energy and gas) will affect the pressure on wage growth and maintaining a high volume of sales in physical and value units in order to achieve the performance objectives estimated by the Revenue and Expenditure Budget.

General Director,  
Eng. Anghel George Marinelo

Economic Director,  
Ec. Popescu Ileana

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