



UZTEL S.A.
OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS
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Report of the Special Administrator on the activity of Uztel S.A. Company in 2024

1. Analysis of the Company's business

1.1 a) Description of the main Company's activity

The company's main business is - Manufacture of machinery for mining, quarrying and construction - NACE coding 2892.

UZTEL S.A. was established in 1904 as Societatea Romano-Americana (Romanian-American Company), which was nationalized in 1958 and then in 1991 turned into commercial company. The main business object consists in the production and sale of assemblies, parts, oil equipment and plants, industrial fittings, mud pumps and other spare parts for oil equipment, ironworks and castings.

The production processes cover the sectors of heat treatment, mechanical processing, assembly, testing, and trials. Quality control is certified in laboratories equipped with specialized equipment and instruments.

The company has integrated production with local design capabilities and applies technologies in accordance with API specifications and EC standards. The Quality, Environment, and Occupational Health and Safety Department, using modern laboratories and procedures, ensures compliance with the international standards ISO 14001-2015, ISO 45001-2018, ISO 9001-2015, and API 6A, 16A.I6D specifications. UZTEL maintains and continuously improves its Integrated Management System: Quality in accordance with the requirements of ISO 9001: 2015 and API Spec. Q1 and Environmental Management System in accordance with 14001 and S.S.M. 45001, respectively. System certification is provided by GR Eurocert SRL Ploiesti and guarantees the quality of manufactured products while protecting the environment and creating a safe and healthy working environment.

1.1 b) Statement of the Company's incorporation date

UZTEL S.A. Ploiesti was organized as a joint stock company pursuant to the Law No. 15/1990 on the reorganization of state-owned economic units as autonomous administrations and commercial

companies and based on the Government Decision no. 1213/20 November 1990, published in the Official Gazette of Romania no. 13 bis /21 January 1991, operating under the Law No. 31/1990 on companies and its own Articles of Association.

The company is registered with the Trade Register Office attached to the Prahova Court under no. J29/48/1991 and has CUI [*taxpayer reg. no.*]: RO 1352846.

In 2004, the Company was privatized under the PSAL I program, through the transfer of shares held by the Romanian State to private shareholders, i.e. through the sale by the State Assets Recovery Authority of the Company's share package, equivalent to 76.8745% of the share capital at that time, to the consortium made up of the "UZTEL" Association and ARRAY PRODUCTS CO. LLC - USA. The Company has been admitted to BVB trading category II holding the symbol UZT. Currently, UZT shares are not tradable due to the opening of insolvency proceedings with the aim of reorganization by the Decision passed in the session of 13.04.2023, in case file no. 1223/105/2023 pending before the Prahova Court.

1.1. c) *Description of asset acquisitions and/or disposals*

• **Fixed Assets – Tangibles**

Between 1 January and 31 December 2024, the value recorded in the accounts for the class "Buildings and structures" remained unchanged.

Between 1 January and 31 December 2024, the value of increases was 77,940 lei and the value of decreases recorded in the accounts for the class "Machinery and equipment" was 174,969 lei, representing disposals of technological equipment.

Between 1 January and 31 December 2024, the total value entered in the accounting records for the class "Land" was not subject to any changes.

• **Fixed Assets – Intangibles**

Between 1 January and 31 December 2024, the company purchased intangible assets in the amount of 8,9941 lei, representing:

- ESET Endpoint antivirus license, for 2,2001 lei;
- Software Update License & Support Oracle Database Standard Edition One Processor Perpetual Nov 2023-Nov 2024, for 5,291 lei;
- Office license = 76 lei;
- Design license = 1,427 lei.

1.1 d) *Description of the main results of the company's activity evaluation*

The fixed assets recorded the following developments in the financial year 01.01.2024 - 31.12.2024:

Compared to the year 2023, total fixed assets decreased from 75,244,913 lei on 31.12.2023 to 71,779,311 lei on 31.12.2024, i.e. a decrease of 4.61% compared to the same period of 2023, resulting from registration of their depreciation and partial discarding of assets of a machinery and

equipment nature.

- The value of intangible assets increased from 11,891 lei on 31.12.2023 to 40,424 lei on 31.12.2024, i.e. a percentage increase of 339.95%, due to the recording in the accounting books of the acquisition of intangible assets - advance payment, as well as their depreciation expenses recorded during the financial year 2024.

The value of tangible assets decreased from 75,233,022 lei on 31.12.2023 to 71,738 887 on December 31, 2024, i.e. a decrease of 4.64%, due to the recording in the accounting books of their depreciation and partial discarding of assets of a machinery and equipment nature.

Asset items	31.12.2024	31.12.2023	31.12.2022	31.12.2021
Intangible assets	40,424	11,891	38,348	56,207
Tangible assets	71,738,887	75,233,022	35,462,326	36,615,293
Total fixed assets	71,779,311	75,244,913	35,500,674	36,671,500

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

Uztel S.A. recorded in 2024 the following evolution of sales on the domestic and foreign market:

- a. **Sales in RON** decreased from 18,677,345 lei on 31.12.2023 to 13,452,697 lei on 31.12.2024, i.e. a percentage decrease of 27,97% compared to 2023;
- b. **Sales in EUR** decreased from 1,441,043 EUR on 31.12.2023 to 1,089,525 EUR on 31.12.2024, i.e. a percentage decrease of 24,39% compared to 2023;
- c. **Sales in USD** decreased from 526,841 USD on 31.12.2023 la 121,078 USD on 31.12.2024, i.e. a percentage decrease of 77,02% compared to 2023.

Explanations	31.12.2024	31.12.2023	31.12.2024/31.12.2023*100
Sales in RON	13,452,697	18,677,345	72.02
Sales in EUR	1,089,525	1,441,043	75.61
Sales in USD	121,078	526,841	22.98

1.1.1 Items of general assessment:

- a) Net result (13,347,985) lei
- b) Turnover 19,428,179 lei
- c) The total value of sales in foreign currency (EUR and USD) converted into national currency for the period January-December 2024 is 5,975,482 lei - turnover of account 4111.1.03 (external customers) corresponding to the turnover of revenue accounts, as follows:

Acct. 7015.3	Revenue from the sale of finished products	5,952,191
Acct. 704.2.03	Income from services rendered- external transport	23,291
Acct. 708.1.02	Income from various activities - export	0,00

d) The actual expenses in 2024 for the production of manufactured goods amount to a total of 25,249,049 lei, while the expenses for the production in progress amount to a total of 5,964,667 lei.

e) The estimated market share held by the company:

- Domestic 14-15%; the company has consistently attempted to determine the value of the relevant market in order to understand where it stands, however, the lack of accurate and reliable statistical information makes this estimate rather subjective
- External ~ 1%. It is not possible to objectively and accurately estimate Uztel's market share on the external market, as not all operators in the relevant market are known.

The company, relying on professional judgment, estimated these market shares for 2024, shares that have been affected downward due to the evolution of the international post-epidemiological situation caused by the spread of the SARS-CoV-2 coronavirus to more than 150 countries, as well as the outbreak in February 2022 of the geopolitical conflict on Romania's border, which led to uncertainties and risks in the economic, commercial, social, and financial environment that generated significant disruptions in the company's operations in 2024.

f) on 31.12.2024, the company had cash (according to the balance sheet) in the total amount of 1,336,241.59 lei, specifically:

lei			
Explanations	31 December 2024	31 December 2023	Percentage (%)
0	1	2	3 = 1/2*100
Bank acct 5121 (lei)	730,839.68	449,769.17	162.49
Bank acct 5124 (USD) – lei equiv.	215,900.53	64,011.78	337.28
Bank acct 5124 (EUR) – lei equiv.	379,342.47	117,954.08	321.60
Petty cash acct 5311 in lei	4,352.20	2,591.15	167.96
Petty cash acct 5314 in foreign currency (USD) – lei equiv.	5,806.71	0	-
Petty cash acct 5314 in foreign currency(EUR) – lei equiv.	0	4,947.41	-
Total cash	1,336,241.59	639,273.59	209.02

Cash availability recorded an increase in 2024 from 639,273.59 lei on 31.12.2023 to 1,336,241.59 lei on 31.12.2024, i.e. a percentage increase of 209.02% compared to the same period in 2023.

On 31 December 2024, the company recorded a net financial loss due to fluctuations in exchange rates (EUR and USD) for the period January-December 2024 in amount of 108,906 lei, as follows:

- account 665 (expenses from exchange rate differences) = 249,588 lei;
- account 666 (interest expenses) = 16,645 lei;
- account 765 (income from exchange rate differences) = 154,821 lei.

- account 766 (income from interest) = 484 lei;
- account 768 (other financial income) = 2,022 lei

1.1.2 Assessment of the company's technical level

- a) As of 31.12.2024 the Company owns assets in the total amount of 105,727,531,76 lei, as follow:

ASSETS	Balance at 31.12.2023 according to balance of accounts
Lands	15,794,281.49
Buildings	53,819,566.25
Technological equipment, devices and measurement equipment, vehicles	35,947,641.90
Furniture and office equipment	166,042.12

The production activity for the manufacture of extraction and construction equipment, industrial fittings, spare parts for oil equipment, and metal structures is carried out in the Oil Equipment Department.

- b) Between January and December 2024, the following developments were recorded in the company's main revenues compared to total revenues of 18,131,964.00 lei and turnover of 19,428,178.00 lei, specifically:

Year 2024	Amount (lei)	Share in total income %	Share in turnover %
Revenue from the sale of finished products - domestic	12,196,954.00	67.27	92.78
Revenue from the sale of finished products - external	5,952,191.00	32.83	30.64
Revenue from provision of services - laboratory services	-	-	-
Revenue from provision of services - domestic transport	5,848.00	0.03	0.03
Revenue from provision of services - external transport	23,290.00	0.13	0.12
Income from rental of oil equipment and machineries	34,185.00	0.19	0.18
Income from sale of goods	916,042.00	5.05	4.72
Income from various activities -domestic and export	299,669.00	1.65	1.54
Turnover - Total	19,428,179.00	107.00	100.00

1.1.3 *Evaluation of technical and material procurement activities (domestic and imported sources)*

From the annual volume of purchases made in 2024, amounting to 12,768,109.35 lei, the company's internal and external suppliers represent:

- domestic suppliers amounting to 12,302,470.37 lei, a share of 96,35% in total purchases;
- external suppliers (USD) amounting to 308,985.41 lei, a share of 2,42% in total purchases;
- external suppliers (EUR) amounting to 156,653.57 lei, a share of 1.23 % in total purchases;

1.1.4. *Evaluation of sales activity*

From the annual volume of sales made in 2024, amounting to 19,428,178.00 lei, the company's internal and external customers represent:

- internal clients amounting to 13,452,697.00 lei, a share of 69.25 % in turnover;
- external clients (USD) amounting to 554,604 lei, a share of 2.85% in turnover;
- external clients (EUR) amounting to de 5,420,877.00 lei, a share of 27.90 % in turnover.

The effects of production activities, transactions, and events that took place throughout 2024 for a company vary in terms of stability, risk, and predictability, and the presentation of economic and financial information helps to understand the performance achieved and to evaluate future results. The achievements of 2024 prove that UZTEL S.A. Ploiesti is a company undergoing insolvency proceedings in accordance with Law no. 85/2014, with the involvement of creditors in the legal and economic activity of the company, with potential for economic and commercial stability, which depends to a large extent on the relevant domestic and foreign markets, market players and rules, and the decisions and resolutions of the Receiver and of the Syndic Judge in the proceedings and on the internal possibilities for recovery/reorganization.

On **31.12.2024**, UZTEL S.A. had orders/contracts entered into with domestic and foreign business partners for a total amount of **2,210,890 lei**, of which:

Domestic market - RON	1,071,205
External market - EUR	213,753.00
External market - USD	16,073.00

These orders/contracts have already been launched into production and are at various stages of the technological process and concern the manufacture and delivery of the company's main products, namely: industrial fittings, blowout prevention equipment and machinery, repair and manufacture of oilfield equipment, provision of services and spare parts, etc.

As regards the firm contracts/orders existing at the end of **2024**, the company is conducting a number of commercial procedures and tenders on the domestic and international market, which will create the conditions for covering the contracts and orders forecast in the Income and Expenditure Budget and Cash Flows for **2025**, thus:

Domestic market - RON	10,000,000
External market - EUR	1,800,000
External market - USD	3,815,134

1.1.5. Evaluation of aspects related to the employees/staff of the company

a) As of 31.12.2024, the company has 146 employees, of which:

persons

Engineers	Engineering assistants	Economists	Other persons with higher education
22	-	4	3

The employees in factories are as follows:

Oilfield Equipment Dept.	Hot Working Dept.	Other activities	Technical, clerical and administrative staff
78	-	24	44

Relations between management and employees in 2024 were conducted under normal conditions, with no labor disputes or other conflicts of any kind.

1.1.6. Evaluation of aspects related to the impact of the issuer's main activity on the environment

The company's activity is carried out under the following regulatory acts:

- Environmental permit no. PH-259 dated 02.10.2019, revised on 18.07.2024, valid with annual renewal, for the production of assemblies, subassemblies, oil equipment and installations, industrial services, recycling of industrial waste, water collection, treatment, and distribution, and a paint shop.

- Water management permit no. 143 dated 17.08.2022, valid until 01.09.2025.

The company Uztel S.A. constantly and consistently pays special attention to environmental protection, with particular regard to:

- compliance with current legislation on environmental protection;
- conservation of natural resources;
- identification of potential risks, anticipation of consequences and consideration of the same;

Uztel SA has implemented an Environmental Management System in accordance with the ISO 14001-2015 standard. The activities regulated by this system are maintained and continuously improved, being systematically monitored through internal audits and by the certification authority.

Environmental factors (drinking water, wastewater, air emissions, air immissions, soil, waste) were monitored in accordance with the legal requirements applicable to the activities of Uztel S.A. (monthly, quarterly, half-yearly, annually). The frequency required by the Environmental Permits was complied with and no exceedances of the maximum limits were recorded.

The program of measures for 2024 was implemented 100%. The proposed actions focused on waste management, emissions and immissions, drinking and waste water, noise, and soil. Hazardous chemicals and preparations were purchased, stored, handled, and used in accordance with the legislation in force and the safety data sheets.

1.1.7. Evaluation of research and development activity

a) The main objectives aimed at in the activity of design and assimilation of new products in 2024 were:

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

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

b) In order to ensure the quality requirements for the sale of Uztel products on the foreign market, the technical departments obtained the following license certifications in 2024:

b1) Integrated quality, environment, and occupational health and safety system audit conducted by GR Eurocert SRL Ploiesti between 10.06. and 11.06.2024, which included:

- surveillance audit of the quality management system in accordance with ISO 9001:2015
- surveillance audit of the environmental management system according to ISO 14001:2015
- surveillance audit of OHS management system according to ISO 45001:2018

Following the audit carried out by GR Eurocert SRL Ploiesti, the following certifications/certificates were maintained:

- No. 00.12.1682; ISO-9001-2015; valid until 26.06.2026;
- No. 00.02.1104; ISO-14001-2015; valid until 26.06.2026;
- No. 00.05.0626; ISO 45001:2018; valid until 22.06.2026.

b2) The surveillance audit carried out by GR Eurocert SRL Ploiesti on 10.06.2024 for:

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

Following the audit carried out by GR Eurocert SRL Ploiesti Romania, the following certifications/certificates were confirmed for maintenance:

- PEMH 1.0072 (valid until 23.06.2025);
- PE 10.16.2099 (valid until 11.06.2027);

b3) Recertification audit for product licenses according to standards: API 6A;16A; 16D: for which an audit was carried out between 22.07.2024 and 25.07.2024. Following the assessment of the Quality Management System in accordance with Q1ED9 specifications and the conformity of the products with the API specifications for which UZTEL holds licenses, the certificates were renewed with validity until 02.10.2027 and the API monogram was applied to the manufactured products.

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

New technologies have been implemented within the Technological Department as a result of existing demand on the oil equipment market, with the technological process involving the review and combination of all existing information and knowledge, including the recourse to the experience of other users in the field of technological innovations.

Technological competitiveness, as a result of innovation focused on our own research and development, resizing the workforce according to the volume and structure of orders, and maintaining a financial balance between receivables and payables were the main objectives for 2024.

Given that machining accounts for over 60% of total factory labor, the assimilation of modern cutting tools with a direct impact on technical time standards and, implicitly, on the quality and cost price of the finished product has continued. In the field of tool improvement, new technologies were analyzed and developed, among which the following can be mentioned: increasing the cutting capacity of tools through the use of new materials and designs and through the rationalization of operating conditions; the ability to cut high-speed steels, high-alloy steels with cobalt, vanadium and molybdenum was significantly increased by raising the carbon content and hardness from 62-65 HRC to 72 HRC; the performance of conventional metal carbides was considerably improved by using carbides developed or coated with pure titanium. The constant search, through various means, for this balance between the cutting capacity of the tool and the power capacity of the machine tool has always been an important factor in technical progress in this field of technology.

Efforts have also been made to continuously improve the technical assistance provided by the Design Technology Department (SDV) in the manufacturing process in order to detect technological problems (semi-finished products, adjustments or inappropriate working conditions) at an early stage and correct them quickly.

In order to increase the degree of optimization/profitability of orders in relation to the increase in the quality of UZTEL products and to reduce internal capacities for cast semi-finished products, these were replaced with forged or welded semi-finished products, which require less labor while complying with API requirements. The approval of cast semi-finished products from external production and their implementation in UZTEL production has also begun.

The implementation of technologies for inspection and recertification services in accordance with the new API requirements for equipment used in drilling and extraction has continued.

The acceleration of change and the inevitable shock of the future, the impact of technology on the natural and social environment, and the transition from forced technology to high technology require a new technological education and mindset, which the UZTEL Technology Service wishes to implement and integrate. At the company level, the development of technologies is experiencing continuous growth imposed by the economic conditions required by the petroleum products market, given that a particular feature of financial investments is the large amount dedicated to research.

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

Interest rate risk

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

		Financial year ended at <u>31 December 2024</u>	Financial year ended at <u>31 December 2023</u>
	(lei)	(lei)	
Interest paid		16,645	406,492

Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash in lei and foreign currencies in the company's bank accounts

		Financial year ended at <u>31 December 2024</u>	Financial year ended at <u>31 December 2023</u>
		(lei)	(lei)
Cash and available cash resources		1,336,242	639,274
Total cash and cash equivalents		1,336,242	639,274

The liquidity of the banking system was insufficient for economic needs, the national currency depreciated, and interbank interest rates showed a downward trend. As a result, market risk and liquidity risk increased significantly during the period 2020-2024, thus affecting the company's business.

Currency risk

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

		Financial year ended at <u>31 December 2024</u>	Financial year ended at <u>31 December 2023</u>
		(lei)	(lei)
Result of exchange rate differences		(94,746)	11,656

Market Risk

The current global liquidity crisis that began in mid-2019 has resulted, among other things, in low capital market financing, low liquidity levels in the banking sector, and, occasionally, higher

interbank borrowing rates and very high stock market volatility.

The uncertainties on the international financial markets have also had a significant impact on the Romanian market. These have had a double impact on the company: a decrease in assets held and in business volumes. At present, the full impact of the current financial crisis is impossible to anticipate and prevent in its entirety.

Management cannot reliably estimate the effects on the Company's financial position of the continued decline in the liquidity of financial markets and the increased volatility of exchange rates.

The economic, commercial, and financial effects of the "energy crisis" and the military conflict were felt in the company's activity in 2024 through a decrease in production (low demand), a decrease in revenues, and an increase in finished product inventories (available to customers for lease). Furthermore, political instability and the fact that 2024 was an election year in both Romania and Europe led to a blockage in the receipt of orders or offers, a situation that had not been encountered until then. Most oil companies and drilling operators in the domestic and international market have reoriented their investment policy (purchases of oil equipment and machinery) by dividing it into two components for economic and financial reasons

- Purchases of new oil equipment and machinery with reduced investment budgets;
- Leasing of oil equipment and machinery with reduced investment budgets.

The decline in sales volume was caused by a reduction in the volume of contracts and orders at company level due to the international and national post-epidemic situation regarding the spread of the SARS-CoV-2 coronavirus, combined with fluctuations in the oil price per barrel.

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

Demand for the products manufactured by UZTEL SA Ploiesti is currently more elastic than stable, as consumer preferences and trends (domestic and foreign customers), fluctuations in oil prices and the investment budgets of major oil companies, and the size of competitors' offerings are unpredictable. As a result, the company has been facing instability in demand for oil equipment, sales, and oil prices, leading to fluctuations in sales volume on the domestic and international markets and, consequently, in cash flows generated by operating activities.

The Company's management has analyzed the forecasts for future operating activities, highlighting, at least for the period 01.01.2024 - 31.12.2024, a volume of inflows secured both by the performance of existing contracts and by the reasonable certainty of contracting new works.

During 2024, the company faced difficulties in securing the volume of orders necessary to carry out its activities in a context where the international and domestic markets were severely affected by what was possibly the most severe crisis in the last 100 years. The effects of the crisis caused difficulties in the following areas:

- managing the situation caused by the coronavirus pandemic and isolation measures;
- fluctuating crude oil prices;
- sharp decline in demand for oil equipment;
- the company's commercial sales/tendering activity is hindered by: the global halt in oil equipment tenders, volatile oil prices, price reductions requested by major national and international drilling companies, and the disruption of the supply and sales chains of national and international companies.

All these factors have led to a drastic reduction in investment spending in the extraction and drilling sector and have had a negative impact on the activity of equipment manufacturing companies, leading to a significant decline 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 customers' demands for higher quality products and services.

Operational risks arise from all operations carried out by the company. The primary responsibility for managing operational risks lies with the company's management, which has identified and controlled a number of operational risks so as not to affect the company's ability to achieve its objectives, specifically:

- providing products and services in accordance with the explicit and implicit quality requirements of customers through the organization, planning and continuous monitoring of commercial contracts;
- improving human resource management by reducing the risks associated with a shortage of qualified personnel and by developing the professional skills of all employees.

The company cannot control all risks, nor is it possible from a cost/resource perspective, but it has managed and controlled what is truly a priority: significant/strategic risks.

The company does not hold any equity interests in other entities.

1.1.9. Perspectives on the business activity of the company

a) The impact of the financial crisis on the company's liquidity is mitigated by the reduction in the volume of uncertain customers. The general liquidity and quick liquidity indicators showed the following comparative developments:

Economic & financial indicators	31.12.2024	31.12.2023	31.12.2022	31.12.2021
Current liquidity = Current assets / Current liabilities	2.66	4.30	1.42	1.68
Quick Liquidity = Current Assets - Stocks / Current Liabilities	0.44	0.80	0.33	0.36

a) According to the presentation and substantiation note of the Investment Program for 2025, the note prepared by the Energy Maintenance and Investment Service and approved by the administrative and executive management of the company estimated the allocation of material resources for the refurbishment and modernization of existing assets.

This investment process, which is imperative for the company, has been severely affected by the evolution of the international post-epidemiological situation caused by the spread of the SARS-CoV-2 coronavirus and the geopolitical conflict at the country's border, and has led to an inevitable negative impact in terms of a drastic reduction in the volume of orders and commercial contracts for 2024. This epidemiological crisis has caused commercial, financial, and social losses. The variation in the oil price per barrel should not be overlooked either, as it has had serious consequences for the company's customers (drilling and exploration companies), who suspended and postponed their investment programs in oil equipment, causing a negative "chain reaction" on the company's revenues/turnover.

Tangible assets of the Company

2.1 Statement of the location and characteristics of the main production capacities owned by the company

The company owns land with an area of 174,986.50 sqm, of which:

-109,022.00 sqm - buildings;

- 65,964.50 sqm - area occupied by factory roads, networks, and clear space.

The main activity is carried out in the industrial area on a surface of approx. 100,000 sqm, of which 32,000 sqm is built-up area and 68,000 sqm is land, currently in use.

2.2 Description and analysis of the wear degree of company's assets

The fixed assets (buildings) recorded in the company's financial accounts were mostly built and bought before 1989, so they're quite worn out and outdated. Some of the assets have been repaired or modernized. The condition of the buildings is poor, with an average wear and tear of 70%, and in order to prevent further deterioration, periodic repairs and modernization work will be carried out according to the company's financial capabilities.

Most of the equipment and machine tools are in an advanced state of physical and moral wear and tear. We estimate that they already have an average wear and tear of 60-65%, most of them requiring major repairs. The machine tools show wear on the guides, gearboxes, and main shafts, making it increasingly difficult to maintain them at optimal parameters.

Depending on financial resources, it is estimated that the following machinery and technological equipment will be purchased: a plasma cutting machine that can cut sheets up to 57 mm thickness; a CNC lathe that can process parts with H= 2000 mm and D= 1600 mm; a digital gauging device; repair of the towing machine; purchase of an air conditioning system for the chrome plating workshop; repair of the PT3 medium voltage cell.

2.3. Statement of potential issues related to ownership rights over the tangible assets of the company

The company holds title to the land, according to certificate series M03 number 3371 / 05.01.1996, and is not involved in any disputes related to ownership rights.

3. Market of Securities issued by the Company

3.1 *The shares issued by Uztel are listed in the Standard category at the Bucharest Stock Exchange, and are not tradable from the date of entry into the insolvency procedure –13.04.2023.*

3.2 The share capital of UZTEL S.A. as of 31 December 2024 amounts to RON 13,413,647.50, divided into 5,365,459 shares with a par value of RON 2.50. Based on the records held by Depozitarul Central S.A., the shareholding structure as at 31.12.2024 is unchanged from the previous year due to the suspension of trading in the company's shares on 13.04.2023:

Shareholder	No. of shares held	Share in capital, %
UZTEL Association	4,498,300	83.8381
Legal entities	447,203	8.3349
Natural persons	419,956	78270
TOTAL	5,365,459	100.0000

In 2024 the Company did not make quarterly payments representing net dividends due to shareholders for the years 2003, 2005, 2006, 2007 and 2008, thus:

a) Payments 1 st quarter	0.00
b) Payments 2 nd quarter	0.00
c) Payments 3 rd quarter	0.00
d) Payments 4 th quarter	0.00

On 31.12.2024, Uztel SA recorded in account 457 (Dividends payable) the amount of 1,007,874.37 lei representing dividends due to shareholders for the years 2003 - 2008, which amount was included in the preliminary table of receivables published in B.P.I. no. 10429/19.06.2023.

The company did not set up or pay dividends for the period 2009-2024.

3.1 Description of any activities of the company to acquire its own shares:

- The company did not acquire its own shares in 2024.

3.2 If the company has subsidiaries, statement of the number and par value of the shares issued by the parent company held by the subsidiaries:

- The company does not have subsidiaries.

3.3 If the company issued bonds and/or other debt securities, presentation of the manner in which the company settles its obligations to the holders of such securities:

- In 2024, the company did not issue bonds or other debt securities.

4. Management of the Company

4.1 *Presentation of the list of the company's administrators and the following information for each administrator.*

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

4.2 *Presentation of the list of members of the company's executive board*

a) The executive board appointed by the Board of Directors/Special Administrator for 2023 had the following members:

EXECUTIVE MANAGEMENT OF THE COMPANY - during the period 01.01.2024 - 31.12.2024, the following persons were registered as exercising management duties, as follows:

PERIOD 01.01.2024 - 31.12.2024			
FULL NAME	POSITION	PERIOD	DECISION / DECISION DATE
Dumitru Paul - George	General Manager	01.01.2024 31.12.2024	Individual Employment Contract no. 1387/25.05.2023
Voica Alin Marian	Head of Technical Department	01.01.2024 31.12.2024	Decision 184 / 12.12.2019
Popescu Ileana	Head of Finance Department	01.01.2024 31.08.2024	Decision 592 / 30.11.2010 Addendum /05.2023
Voicu Mariana	Quality System Manager Head of Quality System Department	01.01.2024 31.12.2024	Decision 64/05.04.2018 Addendum / 05.2023

For the period 01.01.2024 - 31.12.2024, the total remuneration of the company's executive management represented 6.46% of the salary fund.

b) *Any agreement, understanding, or family relationship between the person in question and another person thanks to whom the person in question was appointed as a member of the*

executive board:

The company did not identify any such cases in the financial year 2024.

e) *The executive management's participation in the share capital is as follows:*

Full name – Position	Number of shares held
Dumitru Paul - George – Special Administrator - General Manager	-
Voica Alin Marian – Head of Technical Dept.	-
Popescu Ileana – Head of Finance Dept.	122
Voicu Mariana - Head of Quality System Dept.	-

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

Corporate governance

Uztel SA will implement the recommendations included in the Bucharest Stock Exchange Corporate Governance Code, which establishes the principles and structures of governance, with the main purpose of respecting the rights of shareholders and ensuring their fair treatment. In this respect, the Special Administrator appointed, in accordance with CGC principles, ensures the sustainable maintenance of the company, so as to ensure that the interests of all shareholders of the company are respected, that they are treated fairly, and that potential investors have access to relevant information about the company.

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

In 2024, internal management control and internal audit had the following objectives:

- protecting the organization's resources against waste, negligence, abuse, and fraud;
- compliance with applicable legislation and internal regulations;
- reliability of financial reporting (accuracy, completeness, and fair presentation of information);
- ensuring a climate based on the identification, understanding, and control of all operations and activities of the entity that contribute to the achievement of organizational objectives;
- implementing the decisions of the Receiver and the Special Administrator and the executive management and monitoring their fulfillment.

These objectives were achieved as follows:

- maintaining a staff with an adequate level of competence, in accordance with the needs of the company, accompanied by the development of a continuous training plan to update specific knowledge or supplement internal resources with external consultants/service providers, where appropriate;
- clearly defining and dividing the responsibilities of each person involved in the organizational process; separating the duties related to the performance of operations between persons, so that the duties of approval, control, and recording are, to an appropriate extent, entrusted to different persons (in accordance with the Company's Organizational Chart);

- existence of a well-defined schedule and process for the preparation of accounting, financial, and commercial information in accordance with the requirements for reporting, verification, and approval by the Receiver and the Special Administrator.

In accordance with the recommendations contained in CGC, strict rules shall be established within the company regarding the internal circulation of confidential documents and privileged information, with special importance being given to data and/or information that may influence the market price of the securities of Uztel SA.

4. Finance & accounting report

a) Elements of financial position

a.1. The situation of asset items in 2024 compared to the years 2023, 2022, and 2021 is the following:

Asset item	31.12.2024	31.12.2023	31.12.2022	31.12.2021
Intangible assets	40,424	11,891	38,348	56,207
Tangible assets, out of which:	71,738,887	75,233,022	35,462,326	36,615,293
Land and buildings	64,442,180	67,186,954	26,484,923	26,737,410
Plant and machinery	4,788,899	5,531,243	6,401,256	7,294,558
Other installations and furniture	21,476	28,493	35,671	42,849
Tangible assets in progress	2,465,969	2,465,969	2,520,113	2,520,113
Advance for acquisition of intangible assets	20,363	20,363	20,363	20,363
Total fixed asset	71,779,311	75,244,913	35,500,674	36,671,500
Current assets, out of which:	32,848,294	47,263,531	49,103,628	52,137,391
Stocks	25,935,104	38,514,768	37,712,651	40,968,713
Receivables	5,566,598	8,107,516	11,279,906	10,804,774
Cash availability	1,336,242	639,274	105,728	358,763
Prepayments	10,350	1,973	5,343	5,141
Total assets	104,627,605	122,508,444	84,604,302	88,808,891

Compared to 2023, in 2024 a decrease of 14.60% was recorded in the total assets held by the company, compared to 2022 there was an increase of 123.67%, and compared to 2021 an increase of 117.81%.

In nominal terms, total assets decreased in 2024 compared to 2023 from 122,508,444 lei on 31.12.2023 to 104,627,605 lei on 31.12.2024, due to:

- a decrease in fixed assets by 4.61%, and in nominal values from 75,244,913 lei on 31.12.2023 to 71,779,311 lei on 31.12.2024, following the calculation and recording of depreciation of fixed assets;

- a decrease in current assets by 30.50%, and in nominal values from 47,263,531 lei on 31.12.2023 to 32,848,294 lei on 31.12.2024.

In nominal values, total assets increased in 2024 compared to 2022 from 84,604,302 lei as at

31.12.2022 to 104,627,605 lei as at 31.12.2024, due to:

- increase in fixed assets by 202.19%, and in nominal values from 35,500,674 lei on 31.12.2022 to 71,779 177 lei on 31.12.2024 following the performance and recording of the fair values related to the Valuation Report for the class of buildings - industrial halls no. 18/February 2024;

- decrease in current assets by 33.10%, and in nominal values from 49,103,628 lei at 31.12.2022 to 32,848,294 lei at 31.12.2024.

In nominal values, total assets increased in 2024 compared to 2021 from 88,808,891 lei as at 31 December 2021 to 104,627,605 lei as at 31 December 2024, due to:

- increase in fixed assets by 195.74%, and in nominal values from 36,671 5001 lei as of December 31, 2021, to 71,779,311 lei as of December 31, 2024, following the performance and recording of the fair values related to the Valuation Report for the class of buildings - industrial halls no. 18/February 2024;

- decrease in current assets by 37.00%, and in nominal values from 52,137,391 lei as at 31.12.2021 to 32,848,294 lei as at 31.12.2024.

Customers

Uztel SA periodically analyzes the situation of domestic, foreign, and disputed customer receivables. For domestic customer receivables outstanding as at 31.12.2024 in amount of 3,147,079 lei, no impairment adjustments were made in the financial year 2024 as they are under strict monitoring with regard to their collection terms. Domestic receivables are subject to periodic analysis to ensure that their fair value is correctly recorded.

For external customer receivables outstanding as at 31.12.2024 amounting to 759,501 lei, no impairment adjustments were made in the financial year 2024 as they are under strict monitoring with regard to their collection terms. External receivables are subject to periodic analysis to ensure that their fair value is correctly recorded.

The amount of 609,528 lei represents the balance of receivables as at 31.12.2024 for doubtful customers and is subject to periodic analysis and review of their fair value based on legal information from court files and enforcement files.

Uztel Company believes, based on professional judgment, that the amounts recorded in the customer receivables accounts represent their fair value.

The analysis, write-off and impairment adjustments are carried out periodically throughout the fiscal year in order to maintain a true and fair view of the company's current and future receivables.

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

On 31.12.2024, the Company made adjustments to Stocks of raw materials, materials, semi-finished products and finished products in the total amount of 9,141,571.78 lei, as follows:

- adjustments for depreciation of current assets - consumables - in the amount of 1,940,635.23 lei;

- adjustments for depreciation of current assets - residual products - amounting to 21,205 lei;

- adjustments for depreciation of current assets - semi-finished products - amounting to 3,126,005.05 lei;

- adjustments for depreciation of current assets - finished products - amounting to 4,053,726.50 lei.

a.2 *Statement of liabilities in 2024 compared to 2023, 2022, and 2021 is as follows:*

Liabilities	31.12.2024	31.12.2023	31.12.2022	31.12.2021
Share capital	13,413,648	13,413,648	13,413,648	13,413,648
Adjustments of share capital	3,453,860	3,453,860	3,453,860	3,453,860
Reserves	71,297,244	73,200,189	32,369,908	34,065,517
Result carried forward	(38,903,731)	(18,317,119)	(9,024,687)	(1,422,418)
Debts due in over one year	39,416,093	39,471,404	9,639,293	8,131,379
Provisions	192,367	202,457	214,337	220,217
Debts dues in less than one year	15,758,123	11,084,005	34,537,943	30,946,688
Total Liabilities	104,627,605	122,508,444	84,604,302	88,808,891

Compared to 2023, there was a decrease of 14.60% in the total liabilities held by the company, in nominal values from 122,508,444 lei as of 31.12.2023 to 104,627,605 lei as of 31.12.2024;

Compared to 2022, there was an increase of 123.67% in the total liabilities held by the company, in nominal values from 84,604,302 lei on 31.12.2022 to 104,627,605 lei on 31.12.2024;

Compared to 2021, there was an increase of 117.81% in the total liabilities held by the company, in nominal values from 88,808,891 lei on 31.12.2021 to 104,627,605 lei on 31.12.2024.

The percentage and value increase in the total liabilities held by the company is due to the recording on 31.12.2023 of the fair values for the buildings - industrial halls class according to the Valuation Report no. 18/February 2024, resulting in an increase in revaluation reserves by the amount of 41,932,423 lei, which is the difference between the net book value and the fair value revalued on 31.12.2023, and the decrease in revaluation reserves by 1,902,945 lei through the capitalization of the revaluation surplus and reserves recorded in the tax register in 2024.

b) Statement of Overall Results

The structure of the overall results in 2024 compared to 2023, 2022, and 2021 is as follows:

lei

Indicators	31.12.2024	31.12.2023	31.12.2022	31.12.2021
Net turnover	19,428,179	28,422,343	43,565,867	35,861,356
Operating income	17,974,637	29,498,110	42,944,071	44,652,881
Operating expenditure	40,355,288	38,518,529	50,716,971	43,642,868
Result of operating activities	(22,380,651)	(9,020,419)	(7,772,900)	1,010,013
Financial income	157,327	416,476	558,557	187,101
Financial expenses	266,233	803,314	1,701,932	866,790
Net Financial Result	(108,906)	(386,838)	(1,143,375)	(679,689)
Total income	18,131,964	29,914,586	43,502,628	44,839,982
Total expenses	40,621,521	39,321,843	52,418,903	44,509,658
Result before tax	(22,489,557)	(9,407,257)	(8,916,275)	330,324
Overall result of the period	(22,489,557)	(9,407,257)	(8,916,275)	330,324

The **turnover** recorded on 31.12.2024, compared to 31.12.2023, decreased by 31.64%, in nominal values, from 28,422,343 lei to 19,428,179 lei, to 19,428,179 lei on 31.12.2023, to 19,428,179 lei on 31.12.2024. Compared to 31.12.2022, the turnover decreased by 55.40%, in nominal values from 43,565,867 lei on 31.12.2022 to 19,428,179 lei on 31.12.2024, and compared to 31.12.2021, it decreased by 45.82%, in nominal values from 35,861,356 lei on 31.12.2021 to 19,428,179 lei on 31.12.2024.

Turnover expresses the volume of revenues obtained by the company based on commercial operations carried out in the reference year 2024. Turnover includes: sales of products, works and services, rents and other revenues.

Operating income decreased by 39.06% in 2024 compared to 2023, i.e. in nominal terms from 29,498,110 lei as at 31.12.2023 to 17,974,637 lei as at 31.12.2024, due to:

- decrease in sales from 28,067,192 lei on 31.12.2023 to 18,512,136 lei on 31.12.2024, a percentage decrease of 34.04%;
- increase in revenues from the sale of goods from 355,151 lei on 31.12.2023 to 916,043 lei on 31.12.2024, a percentage increase of 257.93%;
- decrease in revenues related to product inventory costs from (125,317) lei as of 31.12.2022 to (1,548,298) lei as of 31.12.2024;
- decrease in other operating income from 1,201,084 lei as at 31.12.2023 to 94,756 lei as at 31.12.2024, a percentage decrease of 92.11%.

Compared to 31.12.2022, operating income decreased by 58.14%, i.e. in nominal terms from 42,944,071 lei as at 31.12.2022 to 17,974,637 lei as at 31.12.2024, due to:

- decrease in sales from 43,276,240 lei as of 31.12.2022, to 18,512,136 lei as of 31.12.2024, a decrease of 57.22%;
- increase in revenues from the sale of goods from 289,627 lei as at 31.12.2022 to 916,043 lei as at 31.12.2024, a percentage increase of 316.28%;

- increase in revenues related to product inventory costs from (857,046) lei on 31.12.2021 to (1,548,298) lei on 31.12.2024;

- decrease in other operating income from 235,250 lei as at 31.12.2022 to 94,756 lei as at 31.12.2024, a percentage decrease of 59.72%.

Compared to 31.12.2021, operating income decreased by 59.75%, i.e. in nominal terms from 44,652,881 lei as at 31.12.2021 to 17,974,637 lei as at 31.12.2024, due to:

- a decrease in sales from 35,757,317 lei as of 31.12.2021, to 18,512,136 lei as of 31.12.2024, a percentage decrease of 48.23%;

- an increase in revenue from the sale of goods from 104,039 lei as at 31.12.2021 to 916,043 lei as at 31.12.2024, a percentage increase of 880.48%;

- decrease in revenues related to product inventory costs from 8,408,612 lei as of 31.12.2021 to (1,548,298) lei as of 31.12.2024;

- decrease in other operating income from 382,913 lei as at 31.12.2021 to 94,756 lei as at 31.12.2024, a percentage decrease of 75.25%.

Operating expenses - recorded an increase of 104.77% as of 31.12.2024 compared to 31.12.2023, in nominal values from 38,518,529 lei as of 31.12.2023 to 40,355,288 lei as of 31.12.2024, due to:

- a decrease in expenses for raw materials, consumables, goods, and utilities from 11,015,752 lei as of 31.12.2023, to 9,034,593 lei as of 31.12.2024, a percentage decrease of 17.98%;

- decrease in other expenses representing external services, taxes and duties from 4,050,363 lei on 31.12.2023 to 3,301,531 lei on 31.12.2024, a percentage decrease of 18.49%;

- decrease in personnel expenses from 19,494,309 lei as of 31.12.2023, to 14,364,789 lei as of 31.12.2024, a percentage decrease of 26.31%.

Operating expenses - decreased by 20.43% as of 31.12.2024 compared to 31.12.2022, in nominal values from 50,716,971 lei as of 31.12.2022 to 40,355,288 lei on 31.12.2024, due to:

- decrease in expenses for raw materials, consumables, goods, and utilities from 18,791,128 lei as of 31.12.2022, to 9,034,593 lei as of 31.12.2024, a percentage decrease of 51.92%;

- reduction of other expenses representing external services, taxes and duties from 4,745,088 lei as at 31.12.2022 to 3,301,531 lei as at 31.12.2024, a percentage decrease of 30.42%;

- reduction in personnel expenses from 24,325,594 lei as at 31.12.2022 to 14,364,789 lei as at 31.12.2024, a percentage decrease of 40.95%.

Compared to 31.12.2021, operating expenses decreased by 7.53%, in nominal terms, from 43,642,868 lei on 31.12.2021 to 40,355,288 lei on 31.12.2024, due to:

- a decrease in expenses for raw materials, consumables, goods, and utilities from 17,869,084 lei as of 31.12.2021, to 9,034,593 lei as of 31.12.2024, i.e., a percentage decrease of 49.44%;

- reduction in other expenses representing external services, taxes and duties from 3,862,853 lei as at 31.12.2021 to 3,301,531 lei as at 31.12.2024, a percentage decrease of 14.53%;

- reduction in personnel expenses from 19,404,441 lei as of 31.12.2021, to 14,364,789 lei as of 31.12.2024, a percentage decrease of 25.97%.

The **results of operating activities** recorded on 31.12.2024 compared to 31.12.2021, a decrease in nominal terms from (9,020,419) lei on 31.12.2023 to (22,380,651) lei on 31.12.2024. Compared to 31.12.2022, the result of operating activities recorded a decrease, in nominal values, from (7,772,900) lei on 31.12.2022 to (22,380,651) lei on 31.12.2024, and compared to 31.12.2021, it decreased from 1,010,013 lei to 31.12.2021 to (22,380,651) lei on 31.12.2024.

Financial income decreased by 62.22% on 31.12.2024 compared to 31.12.2023, i.e. in nominal terms from 416,476 lei on 31.12.2023 to 157,327 lei on 31.12.2024. Compared to 31.12.2022, financial income decreased by 71.83%, i.e. in nominal terms from 558,557 lei on 31.12.2022 to 157 327 lei on 31.12.2024, and compared to 31.12.2021, they decreased by 15.91%, i.e. in nominal values from 187,101 lei on 31.12.2021 to 157,327 lei on 31.12.2024.

Financial expenses decreased by 66.86% as of December 31, 2024, compared to December 31, 2023, in nominal values from 803,314 lei as of December 31, 2023, to 266,233 lei as of December 31, 2024. Compared to December 31, 2022, financial expenses decreased by 84.36%, in nominal values from 1,701,932 lei on December 31, 2022 to 266, 233 lei on 31.12.2024, and compared to 2021, they decreased by 69.28%, in nominal values, from 866,790 lei to 266,233 lei on 31.12.2024.

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

The **net financial result** recorded a loss of (108,906) lei on 31.12.2024, on 31.12.2022 the company recorded a loss of (386,838) lei. On 31.12.2022, the company recorded a net financial loss of (1,143,375) lei, and on 31.12.2021, a loss of (679,89) lei.

Total revenues decreased by 39.39% on 31.12.2024 compared to 31.12.2023, i.e. in nominal terms from 29,914,586 lei on 31.12.2023 to 18,131,964 lei on 31.12.2023. Compared to 31.12.2022, total revenues decreased by 58.32%, in nominal values from 43,502,628 lei on 31.12.2022 to 18,131,964 lei on 31.12.2024, and compared to 31.12.2021, total revenues decreased by 59.56%, in nominal terms from 44,839,982 lei on 31.12.2021 to 18,131,964 lei on 31.12.2024.

Total expenses increased by 103.31% on 31.12.2024 compared to 31.12.2023, in nominal values from 39,321,843 lei on 31.12.2023 to 40,621,521 lei on 31.12.2024. Compared to 31.12.2022, total expenses decreased by 22.51%, in nominal values from 52,418,903 lei on 31.12.2022 to 40, 621,521 lei on 31.12.2024, and compared to 31.12.2021, total expenses decreased by 8.74%, in nominal values from 44,509,658 lei on 31.12.2021 to 40,621,521 lei on 31.12.2024.

The **pre-tax result** recorded on 31.12.2024, compared to 31.12.2023, decreased in nominal terms from (9,407,257) lei on 31.12.2023 to (22,489,557) lei on 31.12.2024. Compared to 31.12.2022, the pre-tax result recorded a decrease in nominal terms from (8,916,275) lei on 31.12.2022 to (22,489,557) lei on 31.12.2023, and compared to 31.12.2021, it decreased in nominal terms from 330,324 lei on 31.12.2021 to (22,489,557) lei on 31.12.2024.

The **overall result for the period** recorded on 31.12.2024 compared to 31.12.2023 a decrease, in nominal values, from (9,407,257) lei on 31.12.2023 to (22,489,557) lei on 31.12.2024. Compared to 31.12.2022, the pre-tax result recorded a decrease, in nominal values, from (8,916,275) lei on 31.12.2022 to (22,489,557) lei on 31.12.2024, and compared to 31.12.2021, it decreased in nominal terms from lei on 31.12.2021 to (22,489,557) lei on 31.12.2024.

Economic & financial indicators	31.12.2024	31.12.2023	31.12.2022	31.12.2021
Current liquidity - Current Assets / Current Liabilities	2.08	4.30	1.42	1.68
Degree of indebtness - Borrowed capital / Equity * 100	14.99%	10.29%	20.64%	19.56%
Turnover speed for client debit items -Receivables / Turnover * 365 days	105 days	104 days	95 days	110 days
Turnover speed for fixed assets - Turnover / Fixed Assets	0.27	0.38	1.23	0.98

Current liquidity - Provides a guarantee that current liabilities can be covered by current assets. The accepted value is approximately 2.

Degree of indebtness - Expresses the effectiveness of credit risk management. The lower the value resulting from the calculation of the debt ratio, the lower the associated risk and the less sensitive the change in interest rates.

Turnover speed for client debit items- Expresses the company's effectiveness in collecting its receivables, i.e., the number of days until the date on which debtors settle their debts to the company. The average number of days in which the company recovered its receivables in 2024 was 105 days.

Turnover speed for fixed assets - Expresses the effectiveness of fixed assets by examining the turnover generated by a certain amount of fixed assets. The value obtained of 0.27 expresses the effectiveness of fixed asset management by achieving a turnover of 19,428,179 lei generated by fixed assets in the amount of 71,779,311 lei.

c) Cash flow:

The statement of cash flows as of 31 December 2024 compared to 31 December 2023, 31 December 2022 and 31 December 2021 is as follows:

	31 Dec. <u>2024</u> lei	31 Dec. <u>2023</u> lei	31 Dec. <u>2022</u> lei	31 Dec. <u>2021</u> lei
Net result for the year	(22,489,557)	(9,407,257)	(8,916,275)	330,324
Income tax expenses	-	-	-	-
Depreciation of long-term assets	3,563,656	1,656,549	1,776,313	2,228,405
Expenses on assets disposed of	18,700	484,091	285,904	32,000
Proceeds from asset disposals	-	(539,574)	(154,042)	(169,439)
Adjustments for impairment of receivables	-	-	-	-

Income / (expense) related to value adjustments on current assets	-	-	-	-
Interest expenses	(16,645)	(406,492)	(885,177)	(517,998)
Interest income	484	7,820	1,536	1,681
Gain / (loss) from exchange rate differences	(94,746)	11,656	262,247	170,669
Movements in working capital	3,471,449	1,214,050	1,286,781	1,745,318
Increase / (decrease) in trade receivables and other receivables	(2,540,919)	(3,172,390)	(475,132)	(5,562,835)
Increase / (decrease) in other current assets	(8,377)	(3,370)	(202)	(1,492)
Increase / (decrease) in stocks	12,579,664	802,117	3,256,062	6,379,529
Increase / (decrease) in trade debts	(1,948,297)	(336,478)	(2,990,559)	(10,814,183)
Increase / (decrease) income recorded in advance	(90,145)	(98,338)	(970,153)	1,350
Increase / (decrease) in other debts	6,660,604	9,462,547	1,506,809	1,241,026
Cash used from operating activities	14,652,530	6,654,088	326,825	(8,756,605)
Profit tax paid	-	-	-	-
Interest paid	(16,645)	(406,492)	(885,177)	(517,998)
Cash from operating activities	(4,382,223)	(1,945,611)	(8,187,846)	(7,198,961)
Net cash from investment activities	(149,988)	(151,463)	(241,315)	(436,928)
Cash payment for the purchase of fixed assets	(149,988)	(151,463)	(241,315)	(436,928)
Net cash from funding activities	5,229,179	2,630,620	8,176,126	6,708,333
Cash repayments of loans and credits	(3,355)	(389,070)	(1,005,938)	(1,005,938)
Cash receipts from loans and credits	5,232,534	3,019,839	9,182,306	7,714,313
Receipts from subsidies for paying staff on technical unemployment	-	-	-	-
Dividends paid	-	(149)	(242)	(42)
Net increase/decrease in cash and cash equivalents	696,968	533,546	(253,035)	(927,556)
Cash and cash equivalents at beginning of period	639,274	105,728	358,763	1,286,319

Cash and cash equivalents at end of period	1,336,242	639,274	105,728	358,763
Net increase/decrease in cash and cash equivalents	696,968	533,546	(253,035)	(927,556)

In 2024, cash and cash equivalents increased by RON 696,968 compared to 2023, as a result of:

- a decrease in cash generated from operating activities by RON 2,436, 612 lei, from (1,945,611) lei on 31.12.2023 to (4,382,223) lei on 31.12.2024; an increase in net cash from investing activities by 1,475 lei, from (151,463) lei on 31.12.2023 to (149,988) lei on 31.12.2024;
- increase in net cash from financing activities by 2,598,559 lei, from 2,630,620 lei as at 31.12.2023 to 5,229,179 lei as at 31.12.2024.

In 2024, cash and cash equivalents increased compared to 2022 by 1,230,514 lei, as a result of:

- an increase in cash generated from operating activities by 3,805,623 lei, from (8,187,846) lei as at 31.12.2022 to (4,382,223) lei as at 31.12.2024;
- an increase in net cash from investing activities of RON 91,327, from (RON 241,315) as at 31.12.2022 to (RON 149,988) as at 31.12.2024;
- decrease in net cash from financing activities by 2,946,947 lei, from 8,176,126 lei as at 31.12.2022 to 5,229,179 lei as at 31.12.2024.

In 2024, cash and cash equivalents increased compared to 2021 by 977,479 lei, as a result of:

- an increase in cash generated from operating activities by 5,385,108 lei, from (7,198,961) lei as at 31.12.2021 to (4,382,223) lei as at 31.12.2024;
- an increase in net cash from investing activities by 286,940 lei, from (436,928) lei as at 31.12.2021 to (149,988) lei as at 31.12.2024;
- decrease in net cash from financing activities by 4,666,738 lei, from 6,708,333 as at 31.12.2021 to 5,229,179 lei as at 31.12.2024.

Events subsequent to the date of the financial statements ended on 31.12.2024

According to the information available to the company to date, the shareholding structure has not changed until the date of issue of these financial statements. Uztel has identified events that occurred between the balance sheet date ended 31.12.2024 and the date on which the financial statements are authorized for filing. These events provide additional information about conditions that existed at the balance sheet date or about certain conditions that arose after the balance sheet date for the year 2023, as follows:

UZTEL SA carried out its activity in 2024 under conditions of continuity in accordance with the provisions of OMFP 2844/2016 on accounting regulations in accordance with International Financial Reporting Standards and under the provisions of Law no. 85/2014 on insolvency proceedings.

The company faced a number of difficulties in collecting payment for goods delivered and services provided to its customers, the average collection period for invoices increased, and the company's current activity decreased, leading to a decline in turnover. The decline in sales volume was caused by a reduction in the volume of contracts and orders at the company level, in the context of the international and national situation, combined with the sharp drop in oil prices and geopolitical instability.

After the end of the financial year on 31.12.2024, uncertainties and risks in the economic, commercial, and financial environment remain high at national and international level. Even if the impact of the pandemic on economic activity has diminished over time, the continued application of measures to limit the spread of the disease and the prolonged staff shortage could affect economic activity. These measures could also disrupt supply and sales chains for longer than expected.

The outbreak of the geopolitical conflict on Romania's border in February 2022 and the energy crisis have led to major imbalances in the supply and sales chains, with immediate adverse consequences for cash flows and, implicitly, to the accumulation of salary, budgetary, and commercial debts and the failure to meet the budgetary indicators set for 2024.

The economic (commercial and financial) instability of the company caused by low sales on the domestic and foreign markets and delays in the collection of domestic and foreign receivables have resulted in delays in the payment of the company's budgetary, salary, bank, and commercial debts.

Challenges for 2025: the economic crisis and repeated fiscal changes that affected Romania between 2020 and 2024; the negative evolution of macroeconomic indicators (inflation, budget deficit, decline in foreign investment, increase in unemployment); continuing increases in raw material and material prices, higher bank interest rates, and high utility prices (energy and gas) will put pressure on wage growth and on maintaining high sales volumes in physical and value terms in order to achieve the performance targets estimated in the Income and Expenditure Budget.

The company Uztel is facing an acute shortage of available funds and liquidity and is continuing its production activities under conditions of reorganization/restructuring and downsizing of the number of employees in accordance with the volume of orders and commercial contracts negotiated with domestic and foreign customers and the award of domestic and international tender contracts in the oil equipment market and, last but not least, by adopting a strategy to reorganize its entire activity, which is to be implemented in the company's Reorganization Plan.

Special Administrator – General Manager

Dumitru Paul - George

/seal, signed illegibly/

05.05.2025

I, Ilie Oana Alice, an English sworn translator and interpreter under License no. 4858 dated 21.06.2001, issued by the Romanian Ministry of Justice, hereby certify this accuracy of this translation from Romanian into English, that the text submitted has been fully translated without any omissions, and that the contents and meaning of the document has not been misrepresented by translation.

TRANSLATOR,

