



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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IN INSOLVENTA

IN INSOLVENCY

EN PROCEDURE COLLECTIVE

**UNAUDITED INTERIM STATEMENTS
AT THE DATE OF
AND FOR THE NINE MONTHS PERIOD
ENDED ON 30 SEPTEMBER 2023**

**Drafted in accordance with the international financial reporting
standards adopted by the European Union**

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Statement of the Individual Financial Position for Accounting Reporting on 30.09.2023

In LEI	<u>30-September</u> <u>2023</u>	<u>31-December</u> <u>2022</u>
Long-term Assets		
Tangible assets	33.759.128	35.462.326
Intangible assets	14.446	38.348
Total long-term assets	<u>33.773.574</u>	<u>35.500.674</u>
Current assets		
Stocks	37.199.214	37.712.651
Trade receivables and other receivables	10.922.758	11.285.249
Cash and cash equivalents	295.715	105.728
Total current assets	<u>48.417.687</u>	<u>49.103.628</u>
Total Assets	<u>82.191.261</u>	<u>84.604.302</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	13.413.648	13.413.648
Adjustments of capital	3.453.860	3.453.860
Reserves	31.888.588	32.369.908
Result for the period	(5.861.969)	(8.916.275)
Result reported	(14.405.336)	(9.024.687)
Total Equity	<u>34.350.760</u>	<u>40.212.729</u>
Long term loans		
Loans	7.461.622	21.043
Trade payables and other payables	30.231.582	8.745.286
Provisions for disputes	206.222	214.337
Total long-term liabilities	<u>37.899.426</u>	<u>8.980.666</u>
Current liabilities		
Trade payables	1.452.097	12.743.007
Loans	0	8.279.953
Income in advance	2.720.184	6.461.700
Other liabilities	5.768.794	7.926.247
Total current liabilities	<u>9.941.075</u>	<u>35.410.907</u>
Total debts	<u>47.840.501</u>	<u>44.391.573</u>
Total equity and liabilities	<u>82.191.261</u>	<u>84.604.302</u>

Statement of the Comprehensive Result for Accounting Reporting on 30.09.2023

In LEI	30-September 2023	30-September 2022
Income	24.413.120	30.724.458
Other income	1.176.038	84.454
Other gain/(loss) -net	8.115	4.140
Income cost of inventories of finished goods and Production in progress	(445.285)	1.088.202
Expenses with raw materials and consumables	(8.604.186)	(15.237.964)
Asset depreciation and amortization expense	(1.245.051)	(1.356.077)
Employees expenses	(15.016.830)	(18.050.134)
Expenses with external supply	(2.312.736)	(2.725.932)
Other expenses	(2.464.234)	(1.546.907)
Operation profit	<u>(5.491.049)</u>	<u>(7.015.760)</u>
Financial income	343.630	371.741
Financial expenses	714.550	1.128.526
Financial costs - net	<u>(370.920)</u>	<u>(756.785)</u>
Profit / (loss) before tax	<u>(5.861.969)</u>	<u>(7.772.545)</u>
Profit / (loss) for the period - net	<u>(5.861.969)</u>	<u>(7.772.545)</u>
Total consolidated income for the period	<u>(5.861.969)</u>	<u>(7.772.545)</u>
Earnings per Share	<u>(1,09)</u>	<u>(1,45)</u>
Number of shares	<u>5.365.459</u>	<u>5.365.459</u>

Statement of Changes in Equity for Accounting Reporting on 30.09.2023

In LEI	Equity	Adjustment of equity	Legal reserve	Reserves from reassessment	Other reserves	Result reported	Total equity
balance at January 2023	13.413.648	3.453.860	2.001.592	29.737.183	631.133	(9.024.687)	40.212.729
Reserve Reclassification From Reassessment At reported Result	-	-	-	-	-	481.320	481.320
Net Profit of period	-	-	-	-	-	(5.861.969)	(5.861.969)
The carried forward result from the correction of accounting errors	-	-	-	-	-	-	-
Transfers between equity accounts	-	-	-	(481.320)	-	-	(481.320)
Balance at 30 September 2023	13.413.648	3.453.860	2.001.592	29.255.863	631.133	(14.405.336)	34.350.760

As a result of applying IFRS beginning with the fiscal year 2012 were restated financial statements, resulting from the application of IAS 29 an inflation adjustment to equity of 3.453.860 lei.

No deferred tax adjustments for revaluation reserves for the period a 01.01.2023 – 30.09.2023 have been calculated.

**Statement of cash flows
for the accounting report on 30.09.2023**

In LEI	<u>30-September</u> <u>2023</u>	<u>30-September</u> <u>2022</u>
Net result for the period	(5.861.969)	(7.772.545)
Depreciation / impairment of long-term assets	1.245.051	1.356.077
Profit / (loss) from the sale of fixed assets	55.825	227.240
Adjustments for the impairment of receivables - clients	469.022	469.022
Interest expenses	(372.889)	(617.129)
Interest income	7.218	1.310
Profit / (loss) from the sale of fixed assets	(4.261)	(140.270)
Movements in working capital	1.399.966	1.296.250
Increase / (decrease) trade receivables and other receivables	(360.682)	(1.552.521)
Increase / (decrease) of stocks	513.437	910.951
Increase / (decrease) in other current assets	1.809	1.888
Increase / (decrease) of commercial debt	(2.663.922)	(3.321.785)
Increase / (decrease) advance income recorded	73.754	2.174.424
Increase / (decrease) other liabilities	6.968.107	1.789.742
Cash used from operational activities	4.532.503	2.699
Interest paid	(372.889)	(617.129)
Cash generated from operating activities	(302.389)	(7.090.725)
Net cash from investment activities	(145.633)	(200.793)
Cash payment for the purchase of fixed assets	(145.633)	(200.793)
Net cash from financing activities	638.009	7.240.525
Cash repayments of loans and credits	(362.313)	(754.454)
Cash receipts from loans and credits	1.000.322	7.995.221
Dividends paid	0	(242)
Net increase / (decrease) in cash and cash equivalents	189.987	(50.993)

Continuation The individual situation of the cash flows

Cash and cash equivalents at the beginning of the period	105.728	358.763
Cash and cash equivalents at the end of the period	295.715	307.770
Net increase/decrease in cash and cash equivalents	189.987	(50.993)

**FIXED ASSETS -tangible for Accounting Report at
30.09.2023**

	land	Buildings and constructions	Machines and equipment	Other tangible assets	Tangible assets in progress	Advances for intangible assets	Total
Cost	Lei	Lei	Lei	Lei	Lei	Lei	Lei
Balance at 01 January 2023	16.217.330	30.954.447	36.809.890	166.042	2.520.112	20.363	86.688.184
Increases	-	-	-	-	-	-	-
Outputs	423.049	2.600	765.219	-	-	-	1.190.868
Balance at 30 September 2023	15.794.281	30.951.847	36.044.671	166.042	2.520.112	20.363	85.497.316
Accrued depreciation							
Balance at 01 January 2023	-	20.686.854	30.408.634	130.371	-	-	51.225.859
Amortization of period	-	605.391	608.675	5.383	-	-	1.219.449
Amortization of outputs	-	2.600	704.520	-	-	-	707.120
Balance at 30 September 2023	-	21.289.645	30.312.789	135.754	-	-	51.738.188
Adjustments							
Balance at 01 January 2023	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance at 30 September 2023	-	-	-	-	-	-	-
Net book value							
Balance at 01 January 2023	16.217.330	10.267.593	6.401.256	35.671	2.520.112	20.363	35.462.326
Balance at 30 September 2023	15.794.281	9.662.202	5.731.882	30.288	2.520.112	20.363	33.759.128

In the period January 1 - September 30, 2023, the total value of the decreases recorded in the accounting records for the "Lands" class was 423.049 lei, representing the removal from the records through the sale of land with an area of 4.687 square meters in March 2023.

In the period January 1 - September 30, 2023, the total value of the decreases recorded in the accounting records for the "Buildings and constructions" class was 2.600 lei, representing removal from the records by writing off fixed assets in March 2023.

In the period January 1 - September 30, 2023, the total value of the decreases recorded in the accounting records for the "Machines and equipment" class was 765.219 lei, representing the removal from the record of fixed assets sold in the amount of 699.319 lei and fixed assets scrapped in the amount of 65.900 lei.

FIXED ASSETS - Intangible for Accounting Reporting on 30.09.2023

	Development expenses	Other intangible assets	Intangible assets in progress	Total
Cost	Lei	Lei	Lei	Lei
Balance at January 01, 2023	186.892	875.758	-	1.062.650
Inputs	-	1.700	-	1.700
Outputs	-	-	-	-
Balance at September 30, 2023	186.892	877.458	-	1.064.350
Accrued depreciation				
Balance at 01 January 2023	164.764	859.537	-	1.024.301
Amortization of period	11.673	13.930	-	25.603
Amortization of outputs	-	-	-	-
Balance at 30 September 2023	176.437	873.467	-	1.049.904
Net book value				
Balance at 01 January 2023	22.128	16.221	-	38.349
Balance at September 30, 2023	10.455	3.991	-	14.446

Between January 1 and September 30, 2023, the company purchased intangible assets worth 1.700 lei, representing the ESET Endpoint antivirus license.

**Explanatory Notes to Interim Financial Statements for
The Accounting Report on 30.09.2023**

Inventory

In LEI	<u>30 September</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
Raw material	808.554	935.646
Additional material	277.328	270.865
Fuels	210	5.082
Packaging materials	1.395	1.395
Spare parts	2.200.900	2.224.138
Other consumables	156.014	160.404
Inventory items	216.014	234.679
Product in progress	10.374.553	12.916.349
Semi- manufactured	2.496.206	2.316.741
Finished product	4.618.843	4.536.936
Difference of price of finished products	15.615.630	13.927.255
Packing	2.215	730
Residual products	24.420	15.360
Total	36.792.282	37.545.580
Advances for purchases assets such as stocks	406.932	167.071
Total General Stocks	37.199.214	37.712.651

**Explanatory Notes to Interim Financial Statements
for the Accounting Reporting on 30.09.2023**

Individual Statement of Cash Flows and cash equivalent

In LEI	<u>30-September</u> <u>2023</u>	<u>31-December</u> <u>2022</u>
Cash and cash equivalent	295.715	105.728
Bank deposit	-	-
Cash and cash equivalent	295.715	105.728

From the point of view of the Cash Flow Statement, it is considered that:

- Cash is the cash in the cashier and current bank accounts;
- Cash equivalents are fiscal and postage stamps..

The prudent management of liquidity risk implies maintaining sufficient cash in lei and foreign currency in the company's bank accounts.

There are no restrictions on cash accounts in banks.

Explanatory Notes to Interim Financial Statements for the Accounting Reporting on 30.09.2023

Trade receivables and other receivables

	<u>Balance at 30</u> <u>September</u> <u>2023</u> <u>lei</u>	<u>Balance at 01</u> <u>January</u> <u>2023</u> <u>lei</u>
Trade receivables	10.358.648	10.646.859
Domestic Client	6.972.478	4.501.882
External Client	2.397.536	5.151.724
Doubtful client, litigation	610.817	611.335
Borrowers' suppliers	377.817	381.918
Other receivables	1.033.132	1.099.855
VAT to be recovered	0	118.081
Wage advance	0	5.650
Borrowers	465.784	472.997
Other receivables (VAT not required; Expenses recorded in advance and Settlements from operations under clarification)	567.348	503.127
Adjustments for impairment of receivables- clients	(469.022)	(469.022)
Total trade receivables and other receivables	10.922.758	11.277.692

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Total trade receivables and other receivables	Balance at 30.09.2023	From what pending		
		31-90 days	91-120 days	> 120 days
1.Domestic Client	6.972.477,84	226.945,04	78.273,67	2.575.392,63
2. External Client	2.397.535,80	305.100,71	-	2.084.484,99
3. Doubtful internal clients	610.817,26	-	-	610.817,26
4. Adjustment for depreciation	(469.022,00)	-	-	(469.022,00)
5. Debtor suppliers	377.816,92	-	-	376.913,73
Net receivables	9.889.625,82	532.045,75	78.273,67	6.116.630,61

The amount of 567.348 lei registered in the “*Other receivables*” account refers to:

- account 438 (Other social debts - medical leave) = 225.078 lei;
- account 4412(Claims on deferred tax) = 7.557 lei;
- account 4428 (VAT not chargeable) = 331.179 lei;
- account 471 (Expenses recorded in advance-subscriptions for publications and phone services) = 3.534 lei;

Uncertain clients were registered separately in the accounting records of the company.

The assessment of the debts expressed in foreign currency was made at the exchange rate communicated by the National Bank of Romania for the close of September 2023.

The differences of the favourable or unfavourable exchange rate between the exchange rate market at which the debt claims are registered and the exchange rate communicated by the National Bank of Romania for the close of September 2023 were recorded in the corresponding accounts of income or expenses due to exchange rate differences, as applicable.

Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2023

Situation of commercial debts and other debts

	<u>Balance at 30 September</u> <u>2023</u> <u>lei</u>	<u>Balance at 01 January</u> <u>2023</u> <u>lei</u>
a) Situation of short-term debts		
Amounts owed to credit institutions	-	8.279.953
Advances collected for orders	1.822.635	5.490.397
Trade payables - suppliers	1.452.097	12.743.007
Other debts, including tax debts and social security debts	5.768.794	7.926.247
Total short-term debts	9.043.526	34.439.604

	<u>Balance at 30 September</u> <u>2023</u> <u>lei</u>	<u>Balance at 01 January</u> <u>2023</u> <u>lei</u>
a) Situation of long-term debts		
Amounts owed to credit institutions	7.461.622	21.043
Trade payables - suppliers	15.502.485	3.207.735
Other debts including tax debts and social security contributions due	14.729.097	5.537.551
Provisions and prepayments and earnings recorded in advance	206.022	214.337
Total long-term debts	37.899.426	8.980.666

Through the application registered on 15.03.2023 before the Prahova Court under no. 1223/105/2023, the company Uztel S.A. requested the Syndic Judge to open the general insolvency procedure, as a result of the Administrative Council Decision no. 54/13.03.2023. By the Conclusion pronounced in the meeting dated 13.04.2023 in file no. 1223/105/2023 pending at the Prahova Court, the syndic judge ordered the opening of the general insolvency proceedings of the company Uztel S.A. Through the request, the company Uztel S.A. expressed its intention to reorganize the activity, considering that it has the necessary experience, manufacturing technologies, production orders and qualified personnel that ensure the continuity of the activity.

In the Bulletin of Insolvency Procedures no. 10429/19.06.2023, the Judicial Administrator of the company published the preliminary table of claims no. 621/16.06.2023 in the total amount admitted (provisionally) of 37.877.717.21 lei, the amount representing on 30.09.2023 the debts registered until 13.04.2023 and which are highlighted in the long-term debts situation.

The amount worth 5.768,794 lei recorded in the account "*Other debts, including tax debts and social security debts*" from the short-term debts situation refers to:

- consolidated state budget current debts in the amount of 3.837.327 lei;
- local budget current debts in the amount of 334.970 lei;
- current salary debts in the amount of 1.596.497 lei.

Continued of Situation of debts and other debts

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Situation of trade debts and other debts	balance at	from what pending		
	30.09.2023	31-90 days	91-120 days	> 120 days
1. Internal suppliers	14.932.060,78	413.645,93	124.648,46	13.807.987,78
2. External suppliers	1.900.601,31	-	-	1.837.668,96
3. Creditor Clients	1.822.635,28	-	-	-
Net debts	18.655.297,37	413.645,93	124.648,46	15.645.656,74

Bank loans guarantees:

Bank loans granted through contracts no. 7793/4 and 7793/5 from 23.01.2019 are guaranteed with real estate mortgages. The latest evaluation for banking purposes was carried out in April 2023 by the company Terraval Valuation and Property Management SRL, authorized evaluator, accredited member ANEVAR, market value of the assessed properties being of 31.337.661 lei.

For these mortgaged properties were concluded: - insurance policy series CCPJ nr. 23062234736 from 19.06.2023, valid from 23.06.2023 until 22.06.2024 (for the insured sum of 23.445.571 lei).

In June 2019 the real estate guarantees were supplemented by the Real Estate Mortgage Contracts authenticated with the no. 2431 and no. 2433 from 27.06.2019 with the following lands / access roads:

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

- land located in the municipality of Ploiesti, str. Mihai Bravu, no. 243, Prahova County, with an area of 8,131 sqm, with cadastral number 125189, registered in the Land Book no. 125189.

This supplement of the guarantees granted to the bank resulted from the increase of the working capital amount granted to the company by the Additional Act no. 1 / 27.06.2019 to the contract no. 7793/5 of 23.01.2019.

Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2023

Provisions

In LEI	<u>Balance at 1 January 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 30 September 2023</u>
Provisions for disputes	214.337	-	8.115	206.222
Provisions for guarantees granted to clients	-	-	-	-
Total	214.337	-	8.115	206.222

Income registered in advance

In LEI	<u>Balance at 1 January 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 30 September 2023</u>
Income registered in advance	971.303	-	73.754	897.549
Total	971.303	-	73.754	897.549

Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2023

OPERATION RESULT	<u>9 months 2023 lei</u>	<u>9 months 2022 lei</u>
Total operating income, of which:	24.143.873	31.897.114
Turnover	23.413.120	30.724.458
Income related to the cost of finished product stocks and production in progress	(445.285)	1.088.202
Other operation income	1.176.038	84.454
OPERATION EXPENSES	<u>9 months 2023 lei</u>	<u>9 months 2022 lei</u>
Total operating expenses, of which:	29.634.922	38.912.874
Raw material and consumables costs	5.341.335	11.785.591
Other material expenses	341.730	424.833
Other external expenses	2.864.746	2.932.968
The expenditures on goods	56.375	94.885
Trade discounts received	-	313
Expenses with employees	15.016.830	18.050.134
Value adjustments on tangible, intangible assets, real estate investments and biological assets evaluated at cost	1.245.051	1.356.077
Other operation expenses	4.776.970	4.272.839
Adjustments for provisions	(8.115)	(4.140)

FINANCIAL INCOME	<u>9 months</u> <u>2023</u> <u>lei</u>	<u>9 months</u> <u>2022</u> <u>lei</u>
Total financial income, of which	343.630	371.741
Income from exchange rate fluctuations	334.460	370.239
Interest income	7.218	1.310
Other incomes	1.952	192

FINANCIAL EXPENSES	<u>9 months</u> <u>2023</u> <u>lei</u>	<u>9 months</u> <u>2022</u> <u>lei</u>
Total Financial expenses, of which:	714.550	1.128.526
Interest charges	372.889	617.129
Other financial expenses	341.661	511.397

Explanatory Notes to Interim Financial Statements for Accounting Reporting on 30.09.2023

INCOME TAX

The profit tax for the period 01.01.2023 – 30.09.2023 includes the current tax. Income tax is recognized in the statement of comprehensive income or in other components of comprehensive income, if the tax is attributable to equity.

Current income tax

Current tax is the tax payable on the taxable profit realized for the period 01 January 2023 – 30 September 2023 determined on the basis of the tax regulations applicable at the reporting date. The applicable corporate tax rate for the financial period from January 1, 2023 – September 30, 2023 worth 16%.

30 September
2023

Expenditure on current income tax

0 lei

Annex No. 13 of ASF Rule nmb. 5 / 2018
Economic and Financial Indicators
for Accounting Reporting on 30.09.2023

Economic- financial indicators	30.09.2023	30.09.2022
Current Liquidity (general) - Current Assets / Current Liabilities	5,35	1,44

The current - general liquidity registered on 30.09.2023 is 5,35 and represents the degree of current debt coverage through the current assets owned by the company.

Indebtedness degree - Borrowed capital / Equity * 100	21,72	21,93
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The indebtedness of the company decreased to 21,72 and represents the share held by the borrowed capital - in the employed capital (equity).

Duration of receivables recovery - Receivables / Turnover * 270 days	126 days	109 days
Rotation speed of customers - client's liabilities - Average customer balance / Turnover * 270 days	113 days	82days

It expresses the efficiency of the company in collecting its debts, respectively the number of days until the date on which the debtors pay their debts to the company.

Rotation speed of fixed assets - Turnover / Fixed assets	0,69	0,86
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It expresses the efficiency of the management of the fixed assets, by examining the turnover generated by a certain amount of fixed assets

Special Administrator Special – General Director,
Dumitru Paul George

Economic Department ,
Popescu Ileana

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

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

SWORN INTERPRETER AND TRANSLATOR

