



Report of the Board of Directors On Uztel S.A. Company's business in 2021

1. Analysis of the Commercial Company Activity

1.1 a) Description of the Company's core business

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

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

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

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

1.1 b) Specify the date of incorporation of the Company

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



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

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

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

The company is registered at the Trade Register related to Prahova Court under no J29 / 48/1991 and holds unique registration number: RO 1352846.

In 2004, the company was privatized under PSAL I program, by transfer of shares held by the Romanian state to private shareholders, by sale of the Authority for State Assets Recovery shareholding in the Company, equivalent to 76,8745% of the share capital at that time, to the consortium formed by Association "UZTEL" and company ARRAY PRODUCTS CO. LLC - USA. As of May 22, 2008 the Company was admitted to trading on BSE category II with UZT symbol. Currently a part of UZT shares is traded.

1.1 c) Description of acquisitions and/or sale of assets

Fixed Assets - Tangibles

Between January 1st and December 31st, 2021, the total value of the increases recorded in the accounting records for the “*Machines and equipment*” class worth 1.235.894 lei , including:

- 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 fixed assets in progress 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 1 and December 31, 2021, the total value of the decreases registered in the accounting records for the class “*Machinery and equipment*” 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.

• Fixed Assets - Intangible Assets

Between January 1 and December 31, 2021, the company acquired intangible assets worth 77.548 lei, representing:



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- Laptop license T5D-03308 Office home and business 2019- english eurozone medailess, worth 1.090 lei;
- technical support for the SIVECO 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 10.473 lei.

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

The fixed assets recorded the following evolutions in the financial year 01.01.2021 – 31.12.2021:

Compared to 2020, the total fixed assets decreased from 37.644.835 lei at 31.12.2020 to 36.671.500 lei at 31.12.2021, i.e., a percentage decrease of 2,59% compared to the same period of 2020, as follows:

- The value of intangible assets decreased from 68.052 lei on 31.12.2020 to 56.207 lei on 31.12.2021, i.e., a percentage decrease of 17,41%, due to the registration in the accounting records of the acquisition of intangible assets, as well as of the expenses with their amortization registered during the financial year 2021.
- The value of tangible fixed assets decreased from 37.576.783 lei on 31.12.2020 to 36.615.293 lei on 31.12.2021, ie a percentage decrease of 2,56%, due to the recording in the accounting records of inflows and outflows from the records and the depreciation expenses.

Asset component	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Intangible assets	56.207	68.052	80.115	27.175
Tangible assets	36.615.293	37.576.783	40.879.834	43.695.215
Total assets	36.671.500	37.644.835	40.959.949	43.722.390

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

Uztel S.A. registered in 2021 the following evolution of sales on the domestic and foreign market:

- a. Sales in RON** decreased from 21.543.371 lei on 31.12.2020 to 18.494.470 lei on 31.12.2021, i.e., a percentage decrease of 14,15 % compared to the same period of 2020;



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b. Sales in EUR increased from 1.047.305 euro on 31.12.2020 to 2.582.454 euro on 31.12.2021, i.e., a percentage decrease of 146,588% compared to the same period of 2020;

c. Sales in USD decreased from USD 2.080.075 on 31.12.2020 to USD 1.112.049 on 31.12.2021, i.e., a percentage decrease of 46,54 compared to the same period of 2020.

Explanations	31.12.2020	31.12.2021	31.12.2021/31.12.2020*100
Sales in RON	21.543.371	18.494.470	85,85
Sales in EUR	1.047.305	2.582.454	246,58
Sales in USD	2.080.075	1.112.049	53,46

1.1.1 Elements of general assessment:

a) Profit 330.324 lei

b) Turnover 35.861.356 lei

c) Total value of the sales in foreign currencies (EURO and USD) changed to national currency or January- December 2021 worth 17.365.894 lei - account turnover 4111.1.03 (foreign clients) corresponding to turnover accounts, as follows:

		lei
acct. 7015.3	Revenue from the sale of finished products	17.259.097
acct. 704.2.03	Income from services rendered- external transport	106.797

d) Actual expenditure of 2021 to achieve production manufactured totalizes 30.691.734 lei and to achieve production in progress are worth a total of 13.847.657 lei.

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

- **Internal market 14-15%;**
- **External market ~ 1%.**

The company, using professional reasoning, estimated these market shares for 2021, which were affected due to the evolution of the international epidemiological situation caused by the spread of SARS-CoV-2 coronavirus in over 150 countries, and the declaration of "Pandemic" by The World Health Organization on 11.03.2020 and the Decree of the President of Romania no. 195 of 16.03.2020 regarding the establishment of the state of



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emergency on the Romanian territory published in the Official Gazette, part I, Nr. 212 / 16.03.2020 as well the extension of alert status over 2021.

f) on 31.12.2021, the company had cash (according to the balance sheet) in the total amount of 358.763 lei, namely:

Explanations	lei		
	31-December 2021	31-December 2020	Share (%)
0	1	2	3 = 1/2*100
Bank account 5121 (60.541,92	58.918,80	102,75
Bank account 5124 (usd) - c/val. lei	4.208,66	457.756,28	0,92
Bank account 5124 (eur) - c/val. lei	276.529,23	755.534,73	36,60
Cash ont casa 5311 in	5.870,31	3.798,54	154,54
Petty cash acct 5314 in devises (usd) –	8.792,81	7.983,38	100,47
Petty cash acct 5314 in devises (eur) –	2.820,53	2.327,40	152,68
Total cash	358.763,46	1.286.319,13	27,89

Cash and cash equivalents registered in 2021 a decrease from 1.286.319,13 lei on 31.12.2020 to 358.763,46 lei on 31.12.2021, i.e., a percentage decrease of 72,11 % compared to the same period of the year 2020.

The company registered on December 31, 2021 a net financial loss due to exchange rate fluctuations (euro and usd) related to the period January - December 2021 amounting to 170.668,72 lei, as follows:

- account 665 (expenses from exchange rate differences) = 348.758,70 lei
- account 765 (income from exchange rate differences) = 178.089,98 lei

1.1.2 Assessment of the technical level of the commercial company

- a) As of December 31, 2021, the Company owns assets in the total amount of 84.744.968,75 lei, as follows:



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lei

ASSETS	Balance at 31.12.2020 as of Account balance
Lands	16.342.930,21
Constructions	30.995.658,77
Technological equipment, devices and measurement equipment, vehicles	37.240.337,65
Furniture and office equipment	166.042,12

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

b) During January-December 2021, the following evolutions of the company's main incomes were recorded compared to the total revenues of 44.839.982 lei and the turnover of 35.861.356 lei, namely:

Year 2021	Amount (lei)	Share in total income %	Share in turnover %
Revenue from the sale of finished products - domestic	18.309.262,24	40,83	51,06
Revenue from the sale of finished products – external	17.259.097,18	38,66	48,13
Revenue from services rendered – laboratory services	2.490,00	0,01	0,01
Revenue from services rendered – internal transport	5.549,90	0,01	0,02
Revenue from services rendered – external transport	106.796,78	0,24	0,30
Income from rental of oilfield equipment and installation	11.820,78	0,03	0,03
Income from sale of goods	104.039,37	0,23	0,29
Income from various activities – internal	61.309,98	0,14	0,17
Income from various activities – export	989,90	0,00	0,00
Turnover - Total	35.861.356,13	79,98	100,00



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

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

1.1.4 *Evaluation of the sales activity*

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) in the amount of 4.617.945,64 lei, a weight of 12,88% in turnover;
- external clients (euro) amounting to 12.748.938,22 lei, a share of 35,55 % in turnover.

The effects of the production activity, transactions and events carried out during 2021 of a company differ in terms of stability, risk and predictability, and the presentation of economic and financial elements helps to understand the performance achieved and to evaluate future results.

The achievements of 2021 prove that UZTEL S.A. Ploiesti is a viable company, with potential for economic and commercial stability, which managed to close its reorganization procedure according to Law no. 85/2006 and to re-enter the normal circuit of companies.

UZTEL S.A. had in progress on **31.12.2021** orders / contracts concluded with internal and external commercial partners in the total amount of **15.125.122 lei** , of which:



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Internal market - ron	5.931.213
External market - euro	1.086.068
External market - usd	890.403

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

Concerning the contracts / purchase orders at end of **2021**, the company is carrying out a series of commercial steps and auctions on domestic and international market that will create the conditions to provide the necessary contracts and orders expected by Income and Expenditure Balance and Cash flows related to **2022**, as follows:

Internal Market - RON	6.500.000
External market - EURO	5.000.000
External market - USD	4.500.000

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

a) Company recorded at 31.12.2021, 318 employees of which:

individuals

Engineer	Sub-engineers	economists	Other people with academic education
44	1	8	4

The factory staff is represented as follows:

individuals

Oilfield equipment Dept.	Hot sectors Depart.	Other activities	Total Techn-Ec. Adm staff
112	101	34	71

The relationship between management and employees in 2021 were held in good conditions, labour conflicts are not registered and no otherwise.



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

Company runs its business based on the following regulatory acts:

- Environmental authorization no. PH-259 from 02.10.2019, valid until review on 17.12.2001, valid with annual endorsement, for the activity of production assemblies, parts and oilfield equipment and industrial service, recovery of solid recyclable waste, collection, purification and distribution of water, painting workshop.
- Authorization for water management no: 109 from 14.06.2019 valid until 15.06.2022;
- Certificate of registration in the register of authorized economic operator performing waste recovery operations no. 0325 /200.245/03.03.2021 issued by the Ministry of Economy - Department of Industrial Policy valid until 31.03.2022.

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

Environmental management program conducted in 2021 was achieved to 100%. Proposed actions aimed at waste management, emission and immission, drinking water and waste water

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

1.1.7 Evaluation of Research and Development

a) The main objectives in the design and assimilation of new products in 2021 were:

No.	PRODUCT
1.	PH5-D Pumping Tree
2.	PH1-D Pumping Tree
3.	PH9-A/2 Pumping Tree
4.	PH7-B/3 Pumping Tree
5.	PH2-A Pumping Tree
6.	PH8-B/2 Pumping Tree
7.	PH1-B Pumping Tree
8.	PH5-A Pumping Tree
9.	Circulating head
10.	WELLHEAD+CE 20 3/4"x20"x 13 3/8"x7"-2000psi
11.	WELLHEAD 11x7 1/16-3000psi
12.	WELLHEAD+CE 21 1/4 x 18 5/8 BTC x 13 5/8 x 2 9/16 – 5M/10M/15M psi



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13.	WELLHEAD+CE 16 3/4"X13 3/8"SLIP LOCK-3000psi
14.	WELLHEAD+CE 13 5/8"X13 3/8"x11"x9 5/8"x7"x4 1/2"-5000psi
15.	WELLHEAD+CE 13 5/8"X13 3/8"x11"x2 1/16"-3000psi
16.	WELLHEAD 11"x9 5/8"BTCx7"x7 1/16"x2 7/8"EUEx2 9/16"-3000psi
17.	WELLHEAD+CE -13 5/8"x11"x3 1/8"-3000psi
18.	WELLHEAD 11x7 1/16-3000psi
19.	WELLHEAD+CE COMPLETED WITH COLECTOR, 11"x9 5/8"LTCx7"x 7
20.	WELLHEAD+CE 13 5/8"x11"x 9"x3 1/8"-3000psi
21.	WELLHEAD+CE 11"x7 1/16"x2 9/16"-5000psi
22.	WELLHEAD +CE type 1 11"x 11"x3 1/8"-5000psi
23.	WELLHEAD 11"x 9 5/8"Slip Lock x2 1/16"-3000psi
24.	WELLHEAD+CE 11"x9 5/8"BTCx 5 1/2"x7 1/16"x2 7/8"x2 9/16"-3000psi
25.	WELLHEAD+CE 11"x9 5/8"BTCx 7"x7 1/16"x2 7/8"x2 9/16"-3000psi
26.	Snubbing swivel flow head
27.	Plug flange for CC 13 5/8"13 3/8"BTC-3000psi
28.	Hangers 3 1/2"VAM TOP-5000psi
29.	RSL 2 1/16-5M; RSL 2 1/16-10M; RSL 2 1/16-5M Tip FLS
30.	RSE 2 1/16-3/5M
31.	RSL 3 1/8x2M tip FLS; RSL 3 1/8-3M; RSL 3 1/8-5M
32.	RSL 4 1/16-3M; RSL 4 1/16-5M tip FLS; RSL 4 1/16-5M,
33.	RSL 7 1/16-5M,
34.	RSE 3 1/8-3M cu flanse 3" cl.900
35.	RSL 2 1/16-6500, Check flange 2 1/16-10000, Check flange 2 1/16-6500
36.	Blow through valve SSV AH 3 1/8-3M; SSV-AH 3 1/8-5M
37.	RRC 2 1/16-5M; RRC 4 1/16x2M
38.	Adjustable nozzle 2 1/16"-2M, 2 1/16"-3M, 2 9/16"-10M
39.	ABB valves + blocksi
40.	Vertical preventer 7 1/16-3000psi + Hydraulic feed control
41.	Stripping preventer 7 1/16-3000 psi + spool 11x7 1/16x2 1/16-3000 psi
42.	Horizontal preventer 11"-5000psi; 13 5/8"-5000psi
43.	Vertical preventer 11"-5000psi; 13 5/8"-5000ps
44.	Manifold:
45.	Line: - Nozzles 3 1/8"-5000psi - Killing 3 1/8"-5000psi nozzles 3 1/8"-5000psi
46.	Hydraulic feed control CH-7U-3000-20BA
47.	Monobloc preventer 7 1/16"-5M and 7 1/16"-10M



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48	Hydraulic feed control CH-4U-3000-6BA
49	Break drum
50	Cemment stirrer
51	Raiser 11"-3000psi x 11"-3000psi; L=4800mm

All targets of engineering department were fully completed.

b) In order to ensure the quality conditions required for sale of Uztel products on external market, technical departments obtained in 2021 certifications for licenses as follows:

b1) Audit of integrated quality (HSEQ) conducted by GR Eurocert SRL Ploiesti during 05.07- 06.07.2021, included:

- recertification audit of quality management system under ISO 9001:2015
- recertification of the environmental management system under ISO 14001 :2015
- recertification of the OHS management system under ISO45001 :2018

Further audit conducted by GR Eurocert SRL Ploiesti were obtained the following certifications/certificates:

- Nr.00.12.1682; ISO-9001-2015; valid until 22.07.2023
- Nr.00.02.1104; ISO-14001-2015; valid until 22.07.2023
- Nr.00.05.0626; ISO45001:2018; valid until 22.07.2023

b2) Monitoring audit conducted by GR Eurocert SRL Ploiesti , on 30.07.2020, for :

- Affixing CE mark on products manufactured according to European Directive PED 2014/68/EU
- Conformity of castings with European Directive PED 2014/68/EU

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

- PEMH1.0068 (valid until 24.08.2022) ;
- PE 43.00174 (valid until 27.09.2024)
- PEDE .0023 (valid until 23.08.2022)

b3) Maintaining product licenses according to the standards: API 6A; 16A; 16D; 16C for which we were audited during the periods 19-23.04.2021 and Certificates of Conformity of



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the Quality Management System and application of API monograms with validity 02.10.2024 were received

c) The technological activity was intended to the extension of the range of products processed on machine tools with numerical control, the diversification of the corrosion protection methods, the development of the program of inspections and recertifications of equipment and the launch of the production in the Integrated Computer Program SIVECO Applications thus:

- continued the assimilation of modern cutting tools continued with a direct impact on the technical norms of time and implicitly on the quality and cost price of the finished product. An important aspect from a technological point of view is the rather advanced physical and moral wear of machine tools such as machining centers;

- designing verifiers in accordance with the new API requirements revised in 2019, to ensure the precision of execution of products according to customer requirements and submitted tender documentation and at the same time to significantly reduce the percentage of scrap or reprocessed parts and prevent possible complaints. Also, the design of self-centering devices was continued, which would reduce the processing time and implicitly decrease the cost per product;

- permanent technical assistance provided by the Technological Design Service -SDV in the manufacturing process for the early detection of technological problems (semi-finished products, inadequate settings or work regimes) and their rapid correction;

- in the conditions of pandemic and restriction of the global economic activity, the process of training qualified personnel for machine tools with numerical control was slowed down / stopped in order to replace the personnel that ended the labour relations with the company;

- continued the implementation of the processing technology for the latest generation parts made of superalloys, respectively from INCONEL 625, INCONEL 718, INCONEL925, required by the drilling-extraction industry, especially geothermal, and for environments with high H₂S content

- for the profitability of some orders, the variants of forged semi-finished products were replaced, which involved the exit of liquidity from the company with the variant of cast



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or welded semi-finished products, which presuppose a smaller volume of labour in compliance with API requirements;

- respecting the restrictive economic conditions due to the pandemic and traffic bans, continued the implementation of technologies for inspection and recertification services according to the new requirements API / 2019, of equipment used in drilling - extraction for various companies and this problem was solved using online technology, the works being executed by the client with our documentation and by the supervision by a third party

1.1.8 Evaluation of the Company's activity on risk management

Interest rate risk

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

	Accounting year Ended at <u>31 December 2021</u> (lei)	Accounting year ended at <u>31 December 2020</u> (lei)
Interest paid	517.998	605.349

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash in RON and devises in the December 2020 company's cash account.

	Accounting year ended at <u>31 December 2021</u> (lei)	Accounting year ended at <u>31 December 2020</u> (lei)
Cash and availability on demand	358.763	1.286.319
Total Cash and cash equivalents	358.763	1.286.319



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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Currency risk

The Company is subject to fluctuation in exchange rates due to transactions in foreign currency.

	Accounting year ended at	Accounting year ended at
	<u>31 December 2021</u>	<u>31 December 2020</u>
	(lei)	(lei)
Result of exchange rate differences	(170.669)	(26.455)

Market risk

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

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

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

Economic, commercial and financial effects of " oil prices crisis " begun in 2016 were effective in the company's business of 2021 by lowering production (low demand), lower revenues, increased stocks of finished products (available to customers for renting). Most oil companies and drilling operators in domestic and international market and have changed the investment policy (acquisition of equipment and oil) by dividing it due to financial and economic reasons into two components:

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

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



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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 have determined social, commercial, economic and financial phenomena and aspects independent of the company and which cannot be controlled by it, which have led and will inevitably lead to an inevitable negative impact regarding the decrease of the volume of orders and related commercial contracts for year 2021, of the achievement of the provided budgetary indicators.

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

The demand for products made by UZTEL SA Ploiesti is currently more elastic than stable, because the preferences and orientations of consumers (internal and external customers), the decrease of the price of a barrel of oil and the investment budgets of large oil companies and the size of competitors' offer. are unpredictable.

As a result, the company is currently facing an instability of demand for oil equipment, sales and the price of a barrel of oil, which have generated fluctuations in sales volume on the domestic and international market and, consequently, in cash flows generated by exploitation activity.

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

During 2021, the company faced difficulties in ensuring the volume of orders needed to operate in the context in which the international and domestic market has been severely affected by possibly the worst crisis in the last 100 years. The effects of the crisis have generated difficulties in the chain in terms of:

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



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

Operational risk

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

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

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

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

The company does not hold participation titles in other entities.

1.1.9 Perspectives on the business activity of the company

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

Economic -financial indicators	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Current liquidity = Current assets / Current liabilities	1,68	2,02	2,00	1,85
Quick Liquidity = Current Assets - Stocks / Current Liabilities	0,36	0,32	0,44	0,55



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b) According to the presentation and substantiation note of the Investment Program for 2022, the note prepared by the Investment Energy Maintenance Service and approved by the administrative and executive management of the company was estimated the allocation of material resources for rehabilitation and modernization of existing assets.

This imperative investment process necessary for society has been severely affected by the evolution of the international epidemiological situation caused by the spread of SARS-CoV-2 coronavirus has led to an inevitable negative impact in terms of drastic decrease in the volume of orders and commercial contracts for 2021. This epidemiological crisis generated commercial, financial and social losses. Not to be neglected is the sudden drop in the price of a barrel of oil in a very short time, which had serious consequences on the company's clients (drilling and exploitation companies) who stopped and postponed investment programs in oil equipment, and which caused a negative "chain reaction" on the company's income / turnover.

Tangible Assets of Company

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

The company owns a land area of 182.427,34 mp, from what:

- 111.877,49 mp – buildings;
- 70.549,85 mp – factory roads, utilities network and free area.

The core activity takes place in the industrial zone on an area of 161.634 sq. m.

2.2 Description and analysis of the company's properties wear

Fixed assets (constructions) registered in the company's financial accounts are mostly constituted and acquired before 1989, which have an advanced degree of physical and moral wear and tear

Some assets have been repaired or upgraded.

The situation of buildings is precarious, we consider an average of 70% wear and to avoid damaging will be repaired and rehabilitated depending upon financial resources of the company.

Most of the equipment and machine tools are not in the best technical and technological condition. We appreciate that they already have a 60-65% average wear, most requiring overhaul.



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Overhead travelling cranes and hoist, which mostly had expired lifespan were expertise and recertified by ISCIR, process to be continued in 2022. Machine tools manifest wear on the guides, gearboxes, main axes, so it becomes increasingly difficult to maintain optimal parameters.

It is estimated, depending on the financial resources, the purchase of the following equipment: plasma cutting machine that allows cutting sheets up to 200 mm thick; CNC carousel that allows the processing of parts with H = 2000 mm and D=1600 mm; machining center that allows the processing of parts such as HM800 or EMSIL VTC-1600; increasing the capacity of CEF (Photovoltaic Power Plant) from 305kW to 700KW in order to reduce energy consumption; two 5 ton single girder overhead cranes to increase productivity by reducing the handling times of cast parts; noxious ventilation and filtration station for TO2 of higher capacity (200 filter bags) than the one from TO1 which has 160 filter bags.

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

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

3. Market of Securities issued by the Company

3.1 Shares issued by Uztel are listed on Standard category by the Bucharest Stock Exchange.

3.2 The share capital of UZTEL S.A. registered at 31 December 2021 worth 13.413.647,50 lei, being divided into 5.365.459 shares, with a nominal value of 2,50 lei. According to the evidences existing at the Central Depository S.A. according to address no. 6851 from 17.02.2021, the situation of the shareholders of the shares on 31.12.2021 is the following:

Shareholder	Nmb. of shares held	Share in capital, %
UZTEL Association	4.498.300	83,8381
Legal persons	420.026	7,8283
Natural persons	447.133	8,3335
TOTAL	5.365.459	100,0000



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

a) Payment 2nd quarter	33,60
b) Payment 3 rd quarter	8,40

lei

At 31.12.2021 Uztel SA recorded in account 457 (due dividends) the sum of 1.569.741,01 lei representing dividends due to shareholders for years 2003-2008.

The company has not determined and not paid dividends for the years 2011 – 2021.

3.3 Description of any activities of the Company to purchase its own shares:

- Company did not buy its own shares in 2021.

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

- The Company has no subsidiaries.

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

-In 2021 the company has not issued bonds or other debt securities.

4. Company's management

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

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

In 2021 the company was administered by the Board of Directors:



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In accordance with the legal provisions in force, namely the Law 31/1990, UZTEL SA proceeded to the election of a Board of Directors with a four-year term of office, consisting of five members with full powers:

PERIOD 01.01.2021 - 31.12.2021		
SURNAME, GIVEN NAME	POSITION	PERIOD OF
Hagiu Neculai	Chairman of Board of Directors	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 of 01.01.2021 – 31.12.2021 the total remunerations of the Board of Directors of the Company represented 2,05 % of the salary fund.

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

a) the executive management appointed by the Board of Directors for the year 2021 had the following composition:

THE EXECUTIVE MANAGEMENT OF THE COMPANY - during the period 01.01.2021 – 31.12.2021 registered the following component in exercising the managerial attributions:

PERIOD 01.01.2021 - 31.12.2021			
SURNAME, GIVEN NAME	POSITION	PERIOD	DECISION / DATE OF ISSUANCE
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 Quality Management System	01.01.2021-31.12.2021	Decision 64/05.04.2018



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For the period 01.01.2021 - 31.12.2021 total remuneration of the executive management of the Company accounted for a share of 7,14 % of wages fund.

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

The Company did not find any such situations in financial year 2021.

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

SURNAME, GIVEN NAME-POSITION	Number of shares owned
Anghel George Marinelo - General Director	-
Voica Alin Marian - Technical Director	-
Anton Laurentiu Alexandru - Commercial Director	-
Sighiartau Dan Petru - Commercial Director	-
Popescu Ileana - Economic Director	122
Voicu Mariana - Manager Quality Management System	-

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

Corporate governance

Uztel SA will implement the recommendations contained in the Corporate Governance Code of the Bucharest Stock Exchange, which establishes the principles and governance structures, having as main purpose the observance of shareholders' rights as well as ensuring their equitable treatment. In this sense, the Board of Directors has elaborated a Regulation of Organization and Functioning, which is in accordance with the CGC principles, thus ensuring the transparency as well as the sustainable development of the company.

The Organization and Functioning Regulation established at the same time the functions corresponding to the Board of Directors, its competencies and responsibilities, so as to ensure the observance of the interests of all company shareholders, their fair treatment and potential investors to the relevant information about the company.

Uztel's internal managerial control system operates with a variety of procedures, means, actions, provisions, which concern all aspects related to the entity's activities, being



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established and implemented by the company's management to allow it to have good control over the operation of the entity as a whole, as well as of each activity / operation separately. The managerial internal control tools are classified into six large groups: objectives, means (resources), information system, organization, procedures, control.

The internal managerial control and the internal audit had in 2021 the following objectives:

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

The achievement of these objectives was achieved as follows:

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

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

5. Finance- accounting statement

a) Elements of Financial Statement

a.1. The situation of assets items in 2021 compared to the years 2020, 2019, and 2018 is as follows:



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lei

asset	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Intangible assets	56.207	68.052	80.115	27.175
Tangible assets, of which:	36.615.293	37.576.783	40.879.834	43.695.215
Land and buildings	26.737.410	27.981.990	30.212.484	31.946.854
Plant and machinery	7.294.558	6.977.919	7.901.870	9.084.357
Other installations and furniture	42.849	50.027	57.205	58.387
Tangible assets in progress	2.520.113	2.546.484	2.546.484	2.467.747
Advance for acquisition of intangible assets	20.363	20.363	161.791	137.870
Total assets	36.671.500	37.644.835	40.959.949	43.722.390
Current assets of which:	52.137.391	41.290.546	51.895.551	51.603.852
Stocks	40.968.713	34.758.639	40.547.659	36.287.530
Receivables	10.804.774	5.241.939	9.372.388	13.983.352
Cash availability	358.763	1.286.319	1.971.169	1.330.657
Prepayment	5.141	3.649	4.335	2.313
Total assets	88.808.891	78.935.381	92.855.500	95.326.242

Compared to 2020, there was an increase of 12,51% of the total assets held by the company, compared to 2019 there was a decrease of 4,36%, and compared to 2018 a decrease of 6,84%.

In nominal values, the total assets increased in 2021 compared to 2020 from 78.935.381 lei on 31.12.2020 to 88.808.891 lei on 31.12.2021, due to:

– decrease of fixed assets by 2,59%, and in nominal values from 37.644.835 lei on 31.12.2020 to 36.671.500 lei on 31.12.2021;

– the increase of current assets by 26,27%, and in nominal values from 41.290.546 lei on 31.12.2020 to 52.137.391 lei on 31.12.2021.

In nominal values, the total assets decreased in 2021 compared to 2019 from 92.855.500 lei on 31.12.2019 to 88.808.891 lei on 31.12.2021, due to:

– decrease of fixed assets by 10.47%, and in nominal values from 40.959.949 lei on 31.12.2019 to 36.671.500 lei on 31.12.2021;



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– the increase of current assets by 0.47%, and in nominal values from 51.895.551 lei on 31.12.2019 to 52.137.391 lei on 31.12.2021.

In nominal values, the total assets decreased in 2021 compared to 2018 from 95.326.242 lei on 12.31.2018 to 88.808.891 lei on 12.31.2021, due to:

– decrease of fixed assets by 16,13%, and in nominal values from 43.722.390 lei on 31.12.2018 to 36.671.500 lei on 31.12.2021;

– the increase of current assets by 1,03%, and in nominal values from 51.603.852 lei on 31.12.2018 to 52.137.391 lei on 31.12.2021.

Customers

Uztel SA periodically analyses the receivables situation of internal, external and litigious clients.

For the receivables of the internal clients existing in the balance on 31.12.2021 in the amount of 4.780.032 lei, no depreciation adjustments were constituted in the financial year 2021 because they are under strict monitoring regarding the terms of their collection. Internal receivables are subject to periodic analysis for the correct highlighting of the fair value receivable.

For the receivables of the external clients existing in the balance on 31.12.2021 in the amount of 3.419.886 lei, no depreciation adjustments were established in the financial year 2021 because they are under strict monitoring regarding the terms of their collection. External receivables are subject to periodic analysis for the correct highlighting of the fair value receivable to be collected.

The value of 614.293 lei represents the balance of receivables on 31.12.2021 for uncertain clients and is the object of analysis and periodic review of their fair value based on legal information in the files pending before the courts and in the enforcement files.

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

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



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

On 31.12.2021 the Company did not provide adjustments for Stocks of raw materials, materials, semi-finished products and finished products

a.2 *The situation of liabilities in 2021 compared to 2020,2019 and 2018 is as follows:*

lei

Liabilities	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Equity	13.413.648	13.413.648	13.413.648	13.413.648
Adjustments of equity	3.453.860	3.453.860	3.453.860	3.453.860
Reserves	34.065.517	34.986.872	37.055.314	38.756.972
Retained earnings	(1.422.418)	(2.674.097)	9.398.635	7.112.169
Debt over a year	8.131.379	9.110.547	3.333.492	4.373.392
Provisions	220.217	225.017	241.307	248.054
Debts under one year	30.946.688	20.419.534	25.959.244	27.968.147
Total Liabilities	88.808.891	78.935.381	92.855.500	95.326.242

Compared to 2020, there was an increase of 12,51 % of the total liabilities held by the company, in nominal values from 78.935.381 lei on 31.12.2020 to 88.808.891 lei on 31.12.2021;

Compared to 2019, there was a decrease by 4,36 % of the total liabilities held by the company, in nominal values from 92.855.500 lei on 31.12.2019 to 88.808.891 lei on 31.12.2021;

Compared to 2018, there was a decrease by 6,84 % of the total liabilities held by the company, in nominal values from 95.326.242 lei on 31.12.2018 to 88.808.891 lei on 31.12.2021.

The percentage and value decrease of the total liabilities held by the company is due to the decrease of the revaluation reserves with the value of 937.871 lei by: capitalization of the revaluation surplus as the depreciation expenses are recorded in the fiscal register, as follows:

– the value of 867.433 lei representing expenses with depreciation related to the revaluation surplus highlighted in the fiscal register in 2021;



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– the value of 70.438 lei representing expenses with depreciation related to the revaluation surplus highlighted in the fiscal register for the fixed assets removed from the record by scrapping / sale.

b) The situation of the Global Result

The structure of the global result in 2021 compared to 2020, 2019 and 2018 is as follows:

lei

Keys	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Net turnover	35.861.356	35.278.237	63.506.667	59.215.309
Operational income	44.652.881	33.630.585	74.882.706	77.683.418
Operational expense	43.642.868	44.601.931	73.428.186	76.554.078
Operation Result	1.010.013	(10.971.346)	1.454.520	1.129.340
Financial income	187.101	538.138	695.187	966.819
Financial expenses	866.790	1.182.618	1.564.899	1.312.277
Net Financial Result	(679.689)	(644.480)	(869.712)	(345.458)
Total income	44.839.982	34.168.723	75.577.893	78.650.237
Total expenses	44.509.658	45.784.549	74.993.085	77.866.355
Result before tax	330.324	(11.615.826)	584.808	783.882
Overall result of period	330.324	(11.615.826)	584.808	783.882

The turnover registered on 31.12.2021 compared to 31.12.2020 an increase by 1,65 %, in nominal values from 35.278.237 lei at 31.12.2020 to 35.861.356 lei at 31.12.2021. Compared to 31.12.2019 the turnover registered a decrease by 43,81%, in nominal values from 63.506.667 lei at 31.12.2019 to 35.861.356 lei at 31.12.2021, and compared to 31.12.2018 it registered a decrease by 39,44 %, in nominal values from 59.215.309 lei at 31.12.2018 to 35.861.356 lei at 31.12.2021.

Turnover expresses the volume of revenue earned by the company on the basis of the business operations performed in the reference year 2021. The turnover includes: sales of manufactured products, works and services, rents and other income.

Operating income increased by 32,77 % in 2021 compared to 2020, i.e., in nominal values from 33.630.585 lei at 31.12.2020 to 44.652.881 lei at 31.12.2021, due to:

- increase of the production sold from 35.328.635 lei at 31.12.2020 to 35.757.317 lei at 31.12.2021, a percentage increase by 1,21 %;



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

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- increase of the incomes related to the costs of product stocks from (2.950.128) lei at 31.12.2020 to 8.408.612 lei at 31.12.2021;

- increase of other operating revenues from 259.660 lei at 31.12.2020 to 382.913 lei at 31.12.2021, a percentage increase by 47,47 %.

Compared to 31.12.2019, the operational revenues registered a decrease by 40,37 %, i.e., in nominal values from 74.882.706 lei at 31.12.2019 to 44.652.881 lei at 31.12.2021, due to:

- decrease of the production sold from 63.460.330 lei at 31.12.2019 to 35.757.317 lei at 31.12.2021, a percentage decrease by 43,65 %;

- decrease in revenues related to the costs of product stocks from 9.291.097 lei at 31.12.2019 to 8.408.612 lei at 31.12.2021, a percentage decrease by 9,50 %;

- decrease in revenues related to the costs of product stocks from 9.291.097 lei on 31.12.2019 to 8.408.612 lei on 31.12.2021, a percentage decrease by 9,50%;

- decrease of other operating income from 20.031.297 lei on 31.12.2019 to 382.913 lei on 31.12.2020, a percentage decrease by 81,15 %.

Compared to 31.12.2018, the operational revenues registered a decrease by 42,52 %, i.e., in nominal values from 77.683.418 lei on 31.12.2018 to 44.652.881 lei on 31.12.2021, due to:

– decrease of the production sold from 59.143.320 lei on 31.12.2018 to 35.757.317 lei on 31.12.2021, a percentage decrease by 39,54 %;

– decrease in revenues related to the costs of product stocks from 16.936.297 lei on 31.12.2018 to 8.408.612 lei on 31.12.2021, a percentage decrease by 50,35 %;

– decrease of other operating income from 1.471.207 lei on 31.12.2018 to 382.913 lei on 31.12.2021, a percentage decrease by 73,97 %.

Operating expenses - registered a decrease of 2,15% on 31.12.2021 compared to 31.12.2020, in nominal values from 44.601.931 lei to 31.12.2020 to 43.642.,868 lei on 31.12.2021, due to:



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- the increase of expenses with raw materials, consumables, goods and utilities from 13.430.849 lei on 31.12.2020 to 17.869.084 lei on 31.12.2021, a percentage increase of 30,05 %;
- decrease of other expenses representing external benefits, taxes and duties from 4.215.826 lei on 31.12.2020 to 3.862.853 lei on 31.12.2021, a percentage decrease by 8,37 %;
- decrease in personnel expenses from 21.811.819 lei on 31.12.2020 to 19.404.441 lei on 31.12.2021, a percentage decrease by 11,04 %.

Compared to 31.12.2019, the operating expenses decreased by 40,56%, in nominal values from 73.428.186 lei on 31.12.2019 to 43.642.868 lei on 31.12.2021, due to:

- decrease of expenses with raw materials, consumables, goods and utilities from 35.904.353 lei on 31.12.2019 to 17.869.084 lei on 31.12.2021, i.e., a percentage decrease by 50,23 %;
- decrease of other expenses representing external benefits, taxes and duties from 7.639.908 lei on 31.12.2019 to 3.862.853 lei on 31.12.2021, a percentage decrease by 49,44 %;
- decrease of personnel expenses from 26.435.090 lei on 31.12.2019 to 19.404.441 lei on 31.12.2021, a percentage decrease by 26,60 %.

Compared to 31.12.2018, the operating expenses decreased by 42,99%, in nominal values from 76.554.078 lei on 31.12.2018 to 43.642.868 lei on 31.12.2021, due to:

- decrease of expenses with raw materials, consumables, goods and utilities from 41.130.415 lei on 31.12.2018 to 17.869.084 lei on 31.12.2021, i.e., a percentage decrease by 56,56 %;
- decrease of other expenses representing external benefits, taxes and duties from 7.631.832 lei on 31.12.2018 to 3.862.853 lei on 31.12.2021, a percentage decrease by 49,38 %;



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– decrease of personnel expenses from 23.957.522 lei on 31.12.2018 to 19.404.441 lei on 31.12.2021, a percentage decrease by 19,00 %.

The result of the operational activities registered on 31.12.2021 compared to 31.12.2020 an increase, in nominal values from (10.971.346) lei to 31.12.2020 to 1.010.013 lei on 31.12.2021. Compared to 31.12.2019, the result of the operational activities registered a decrease, in nominal values from 1.454.520 lei on 31.12.2019 to 1.010.013 lei on 31.12.2021, and compared to 31.12.2018 it registered a decrease from 1.129.340 lei on 31.12.2018 to 1.010.013 lei on 31.12.2021.

The financial revenues registered a decrease by 65,23 % on 31.12.2021 compared to 31.12.2020, i.e., in nominal values from 538.138 lei to 31.12.2020 to 187.101 lei on 31.12.2021. Compared to 31.12.2019, the financial revenues registered a decrease by 73,09 %, i.e., in nominal values from 695.187 lei on 31.12.2019 to 187.101 lei on 31.12.2021, and compared to 31.12.2018 they registered a decrease by 80,65 %, i.e., in nominal values from 966.819 lei on 31.12.2018 to 187.101 lei on 31.12.2021.

The financial expenses registered a decrease by 26,71% on 31.12.2021 compared to 31.12.2020, in nominal values from 1.182.618 lei to 31.12.2020 to 866.790 lei on 31.12.2021. Compared to 31.12.2019, the financial expenses registered a decrease of 44,61 %, in nominal values from 1.564.899 lei on 31.12.2019 to 866.790 lei on 31.12.2021, and compared to 2018 they registered a decrease of 33,95 %, in nominal values from 1.312.277 lei on 31.12.2018 to 866.790 lei on 31.12.2021.

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

The net financial result registered on 31.12.2021 a loss of (679.689) lei, on 31.12.2020 the company registered a loss of (644.480) lei. On 31.12.2019 the company registered a net financial loss of (869.712) lei, and on 31.12.2018 a loss of (345.458) lei.

The total revenues registered an increase of 31,23 % on 31.12.2021 compared to 31.12.2020, i.e., in nominal values from 34.168.723 lei on 31.12.2020 to 44.839.982 lei on 31.12.2021. Compared to 31.12.2019, the total revenues decreased by 40,67 %, in nominal values from 75.577.893 lei on 31.12.2019 to 44.839.982 lei on 31.12.2021, and compared to 31.12.2018, the total revenues decreased by 42,99 %, in nominal values from 78.650.237 lei on 31.12.2018 to 44.839.982 lei on 31.12.2021.

The total expenses registered a decrease by 2,78 % on 31.12.2021 compared to 31.12.2020, in nominal values from 45.784.549 lei on 31.12.2020 to 44.509.658 lei on 31.12.2021. Compared to 31.12.2019, the total expenses decreased by 40,65 %, in nominal



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values from 74.993.085 lei on 31.12.2019 to 44.509.658 lei on 31.12.2021, and compared to 31.12.2018, the total expenses decreased by 42,84 %, in nominal values from 77.866.355 lei on 31.12.2018 to 44.509.658 lei on 31.12.2021.

The result before tax registered on 31.12.2021 compared to 31.12.2020 an increase, in nominal values from (11.615.826) lei at 31.12.2020 to 330.324 lei at 31.12.2021. Compared to 31.12.2019, the result before taxing registered a decrease, in nominal values from 584.808 lei at 31.12.2019 to 330.324 lei at 31.12.2021, and compared to 31.12.2018 it registered a decrease, in nominal values from 783.882 lei at 31.12.2018 to 330.324 lei at 31.12.2021.

The overall result for the period registered on 31.12.2021 compared to 31.12.2020 an increase, in nominal values from (11.615.826) lei to 31.12.2020 to 330.324 lei on 31.12.2021. Compared to 31.12.2019, the result before taxing registered a decrease, in nominal values from 584.808 lei on 31.12.2019 to 330.324 lei on 31.12.2021, and compared to 31.12.2018 it registered a decrease, in nominal values from 783.882 lei on 31.12.2018 to 330.324 lei on 31.12.2021.

Economic - financial indicators	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Current liquidity – Current Assets / Current Liabilities	1,68	2,02	2,00	1,85
Indebtness – Borrowed capital / Equity * 100	19,56%	20,82%	15,70%	7,75%
Rotation speed debts – clients – Receivables / Turnover * 365 days	110 days	54 days	54 days	86 days
Rotation speed of fixed assets – Turnover / Fixed Assets	0,98	0,94	1,55	1,35

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

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



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Rotation speed debts – clients - Express effectiveness of the company in collecting its receivables, namely the number of days until the debtors pay their debt to society. The average number of days in which the company claims back in 2021 was 110 days.

Rotation speed of fixed assets - Express effectiveness of business assets by examining the turnover generated by a certain amount of assets. The value obtained was 0,98 expresses assets management effectiveness by achieving a turnover of 35.861.356 lei generated by an amount of fixed assets worth 36.671.500 lei.

c) Cash-flow:

The cash flow situation at 31 December 2021 as compared to 31 December 2020, 31 December 2019 and 31 December 2018 is as follows:

	<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
Net profit for the year	330.324	(11.615.826)	543.176	783.882
Income tax expenses	-	-	-	-
Long term asset depreciation /impairment	2.228.405	2.476.994	2.948.713	3.504.520
Expenses with disposed assets	32.000	843.485	194.777	104.601
Asset disposal income	(169.439)	(252.563)	(308.609)	(70.493)
Impairment adjustments for customer receivables	-	1.077.744	-	-
Income / (expenses) related to value adjustments on current assets	-	2.693.898	-	-
Interest expense	(517.998)	(605.349)	(696.285)	(371.361)
Interest income	1.681	2.701	3.468	4.435
Gain / loss from exchange rate	170.669	(26.455)	(156.030)	20.470
Movements in working capital	1.745.318	6.210.455	1.986.034	3.192.172
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) commercial debts	(10.814.183)	7.008.127	7.129.206	(652.153)
Increase / (decrease) income recorded in advance	1.350	2.500	-	-
Increase / (decrease) other debts	1.241.026	(6.671.369)	(3.077.948)	1.554.184



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Cash used in operating activities	(8.756.605)	(1.319.999)	4.399.012	(1.843.379)
Profit tax paid	-	-	-	-
Interest paid	(517.998)	(605.349)	(696.285)	(371.361)
Cash generated from operating activities	(7.198.961)	(7.330.719)	6.231.937	1.756.314
Net cash from investment activities	(436.928)	(651.489)	(953.048)	(276.235)
Cash payment for acquisition of assets	(436.928)	(651.489)	(953.048)	(276.235)
Net cash from financing activities	6.708.333	7.297.358	(4.638.377)	(1.920.900)
Cash repayments on loans and credits	(1.005.938)	(1.005.938)	(4.633.675)	(1.873.126)
Cash receipts from loans and credits	7.714.313	7.263.645	-	-
Receipts from subsidies for the payment of staff in technical furlough	-	1.039.945	-	-
Dividends paid	(42)	(294)	(4.702)	(47.774)
Increase / decrease in net cash and cash equivalents	(927.556)	(684.850)	640.512	(440.821)
Cash and cash equivalents at the beginning of period	1.286.319	1.971.169	1.330.657	1.771.478
Cash and cash equivalents at the end of period	358.763	1.286.319	1.971.169	1.330.657
Net increase/decrease in cash and cash equivalents	(927.556)	(684.850)	640.512	(440.821)

In 2021, cash and cash equivalents decreased compared to 2020 by 242.706 lei, as result of:

- Decrease of the cash generated from the exploitation activity by 131.758 lei, from (7.330.719) lei at 31.12.2020 to (7.198.961) lei at 31.12.2021;
- The increase of the net cash from the investment activity by 214.561 lei, from (651.489) lei at 31.12.2020 to (436.928) lei at 31.12.2021;
- Decrease of net cash from financing activity by 589.025 lei, from 7.297.358 lei at 31.12.2020 to 6.708.333 lei at 31.12.2021.

In 2021, cash and cash equivalents decreased compared to 2019 by 1.568.068 lei, as result of:

- The decrease of the cash generated from the exploitation activity by 13.430.898 lei, from 6.231.937 lei at 31.12.2019 to (7.198.961) lei at 31.12.2021;
- The increase of the net cash from investment activity by 516.120 lei, from (953.048) lei at 31.12.2019 to (436.928) lei at 31.12.2021;



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- The increase of the net cash from the financing activity by 11.346.710 lei, from (1.920.900) lei at 31.12.2018 to 7.297.377 lei at 31.12.2020.

In 2021, cash and cash equivalents decreased compared to 2018 by 486.735 lei, as result of:

- Decrease of the cash generated from the exploitation activity by 8.955.275 lei, from 1.756.314 lei at 31.12.2018 to (7.198.961) lei at 31.12.2021;
- Decrease of the net cash from the investment activity by 160.693 lei, from (276.235) lei at 31.12.2018 to (436.928) lei at 31.12.2021.
- The increase of the net cash from the financing activity by 8.629.233 lei, from (1.920.900) lei at 31.12.2018 to 6.708.333 lei at 31.12.2021.

Events after the financial statements concluded on 31.12.2021

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

Uztel has identified events that occurred between the date of the balance sheet concluded on 31.12.1and the date on which the financial statements are authorized for submission. These events provide additional information regarding the conditions that existed at the balance sheet date or regarding certain conditions that appeared after the closing of the 2021 balance sheet, as follows:

1. 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 the Presidential Decrees establishing the state of emergency and of the alert status on the Romanian territory determined social, commercial, economic and financial phenomena and aspects independent of the company and which could not be controlled by it, which led to a negative impact regarding the drastic decrease of the volume of orders and related commercial contracts. year 2021.

The decrease in the volume of orders and contracts negatively influenced the cash flow and generated the accumulation of budgetary and commercial debts. The company makes significant financial efforts to comply with the deadlines for the payment of current and



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staggered budget taxes and fees according to the Decision to reschedule the payment of fiscal obligations no. 294 / 22.01.2021.

2. 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.

3. Starting with 01.01.2022, the inflation forecasts have been considerably revised 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 costs. with the utilities in the total operational expenses of the company.

4. 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 to raise wages and maintain a high volume of sales in physical units and in order to achieve the performance objectives estimated by the Revenue and Expenditure Budget.

Board of Directors,
CEO – Hagi Neculai

General Director
Anghel George Marinelo

Economic Director,
Popescu Ileana

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



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Statement of the company UZTEL S.A. on compliance with the Corporate Governance Code for 2021

Provisions of Corporate Governance Code	Conformity	Partial or total non-conformity	Reason of non-conformity
A.1. All companies must have an internal regulation of Board of Directors that includes the terms of reference and responsibilities of the Board and the key management functions of the company, and which applies inter alia the general principles in Section A.	X		
A.2 Provisions for managing conflict of interest should be included in the Board Regulation. In any case, Board members must notify the Board of any conflicts of interest that have arisen or may arise and refrain from participating in the discussions (including through non-attendance, unless the failure would impede the formation of the quorum) and to the vote for a decision on the issue giving rise to the conflict of interest.	X		
A.3 The Board of Directors must be composed of at least five members.	X		
A.4 Most members of the Board of Directors should not have an executive function. At least one member of the Board of Directors must be independent in the case of Standard Category companies. Each independent member of the Board of Directors must file a statement at the time of his nomination for election or re-election, as well as when any change of status occurs, indicating the elements on the basis of which he is considered to be independent in terms of his character and judgment and the following criteria.	X		
A.4.1 He/she is not the General Director / Chief Executive Officer of the company or a company controlled by it and has not held such a position for the past five (5) years	X		
A.4.2. He/she is not an employee of the company or a company controlled by it and has not held such a position for the past five (5) years;	X		



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A.4.3. He/she does not receive and did not received any additional remuneration or other benefits from the company or a company controlled by it, other than those that are in the position of non-executive director;	X		
A.4.4. He/she is not or was not an employee or has not or did not have during the previous year a contractual relationship with a significant shareholder of the company, a shareholder controlling over 10% of the voting rights, or with a company controlled by it;	X		
A.4.5. He/she does not have and did not have a business or professional report with the company or a company controlled by it, either directly or as a client, partner, shareholder, member of the Board / Administrator, general manager / executive director or employee of a company if, by virtue of its substantive nature, this relationship may affect its objectivity;	X		
A.4.6. He/she is not and has not been for the past three years the external or internal auditor or partner or associate employee of the current external financial auditor or the internal auditor of the company or a company controlled by it;	X		
A.4.7. He/she is not the general manager / executive director of another company where another general manager / executive director of the company is non-executive;	X		
A.4.8. He/she has not been a non-executive manager of the company for more than twelve years;	X		
A.4.9. He/she has no family ties with a person in the situations mentioned under A.4.1. and A.4.4.	X		
A.5 Other relatively permanent professional engagements and obligations of a member of the Board, including executive and non-executive positions in the Board of Non-Profit Societies and Companies, must be disclosed to potential shareholders and investors prior to nomination	X		



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and during their term of office			
A.6 Any member of the Board must report the Board any relationship with a shareholder owning directly or indirectly shares representing more than 5% of all voting rights. This obligation refers to any kind of relationship that may affect the member's position on matters decided by the board.	X		
A.7 The Society shall designate a Board Secretary responsible for supporting the work of the Board.	X		
A.8 The Corporate Governance Statement will inform whether an evaluation of the Board has taken place under the direction of the President or the nomination committee and, if so, summarize the key measures and the resulting changes. The company must have a policy / guidance on the Board's assessment of the scope, criteria and frequency of the evaluation process.	X		
A.9 The Corporate Governance Statement should contain information on the number of meetings of the Board and committees over the past year, the administrators' participation, and a report by the Board and committees on their activities.	X		
A10 The corporate governance statement should contain information about the exact number of independent members of the Board of Directors.	X		
B. 1 The Board should set up an audit committee in which at least one member should be an independent non-executive administrator. Most members, including the President, must have proven that they have adequate qualifications relevant to the functions and responsibilities of the Committee. At least one member of the audit committee must have proven and appropriate audit or accounting experience.	X		
B.2 The Audit Committee Chairman must be an independent non-executive member.	X		



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



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



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



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<p>The forecasts refer to quantified conclusions of studies aimed at determining the global impact of a number of factors for the upcoming period (the so-called hypotheses): by its nature, this projection has a high level of uncertainty; the actual results may differ materially from projections originally presented. The forecast policy will determine the frequency, timing and content of the forecasts. If published, the forecasts can only be included in the annual, half-yearly or quarterly reports. The forecasting policy will be published on the company's website.</p>			
<p>D.4. The rules of general shareholders' meetings should not limit the participation of shareholders in general meetings and the exercise of their rights. Changes to the rules will take effect at the earliest, starting with the next shareholders' meeting.</p>	<p>X</p>		
<p>D.5. External auditors will be present at the shareholders' general meeting when their rapporteurs are present at these meetings.</p>	<p>X</p>		
<p>D.6. The Board will present to the Annual General Meeting of the Shareholders a brief assessment of the internal control and management systems of significant risks, as well as opinions on matters subject to the decision of the general meeting.</p>	<p>X</p>		
<p>D.7. Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting on the basis of a prior invitation from the Board Accredited journalists may, also to participate in the general meeting of the shareholders, unless the President of the Board decides otherwise.</p>	<p>X</p>		
<p>D. 8. Quarterly and half-yearly financial reports will include information in both Romanian and English on key factors that influence changes in sales, operating profit, net profit and other relevant financial ratios, both quarterly To another, and from one year to another.</p>	<p>X</p>		



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D.9. A company will hold at least two meetings / teleconferences with analysts and investors each year. The information presented on these occasions will be published in the investor relations section of the company's website at the date of the meetings / teleconferences.		X	There were no transactions on the stock exchange
D.10. If a company supports different forms of artistic and cultural expression, sporting activities, educational or scientific activities and believes that their impact on the innate character and the competitiveness of society is part of its mission and development strategy, it will publish the policy with of its activity in this field.		X	It's not necessary

Chairman of Board of Directors of UZTEL SA. Ploiesti

Hagiu Neculai



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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**



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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

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Statement of the Individual Financial Position

For Accounting Reporting at 31 December 31 December 2021

in LEI	Nota	<u>31-December</u> <u>2021</u>	<u>31-December</u> <u>2020</u>
Long-term Assets			
Tangible assets	10	36.615.293	37.576.783
Intangible assets	10	56.207	68.052
Total long-term assets		<u>36.671.500</u>	<u>37.644.835</u>
Current assets			
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
Total current assets		<u>52.137.391</u>	<u>41.290.546</u>
Total Assets		<u>88.808.891</u>	<u>78.935.381</u>
 EQUITY AND LIABILITIES			
Capital and reserves			
Equity	5	13.413.648	13.413.648
Adjustments of equity	5	3.453.860	3.453.860
Reserves	5	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)
Total Capital		<u>49.510.607</u>	<u>49.180.283</u>
Long term loans			
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
Total long-term liabilities	4	<u>8.351.596</u>	<u>9.335.564</u>
Current liabilities			
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
Total current liabilities		<u>30.946.688</u>	<u>20.419.534</u>
Total debts		<u>39.298.284</u>	<u>29.755.098</u>
Total equity and liabilities		<u>88.808.891</u>	<u>78.935.381</u>



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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)
Operating profit /(loss)	12	<u>1.010.013</u>	<u>(10.971.346)</u>
Financial income	12	187.101	538.138
Financial expenses	12	866.790	1.182.618
Profit / (loss) financial activity		<u>(679.689)</u>	<u>(644.480)</u>
Profit / (loss) before tax	6	<u>330.324</u>	<u>(11.615.826)</u>
Profit / (loss) of period - net	6	<u>330.324</u>	<u>(11.615.826)</u>
Total consolidated income for the period		<u>330.324</u>	<u>(11.615.826)</u>
Earnings per Share	6	<u>0,06</u>	<u>(2,16)</u>
Number of shares	6	<u>5.365.459</u>	<u>5.365.459</u>



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

In LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
Balance at 01 January 2020		13.413.648	3.453.860	1.985.076	34.439.105	631.133	9.398.635	63.321.457
Reserve Reclassification From 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)
Balance at 31 December 2020		13.413.648	3.453.860	1.985.076	32.370.664	631.133	(2.674.097)	49.180.283

In LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
Balance at 01 January 2021		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)
Balance at 31 December 2021		13.413.648	3.453.860	2.001.592	31.432.792	631.133	(1.422.418)	49.510.607



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Statement of cash flows For Accounting Reporting at December 31 2021

	<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
Net profit for the year	330.324	(11.615.826)	543.176	783.882
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	170.669	(26.455)	(156.030)	20.470
Movements in working capital	1.745.318	6.210.455	1.986.034	3.192.172
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	(10.814.183)	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
Cash used in operating activities	(8.756.605)	(1.319.999)	4.399.012	(1.848.379)
Profit tax paid	-	-	-	-
Interest paid	(517.998)	(605.349)	(696.285)	(371.361)
Cash generated from operating activities	(7.198.961)	(7.330.719)	6.231.937	1.756.314
Net cash from investing activities	(436.928)	(651.489)	(953.048)	(276.235)
Payment in cash for the purchase of fixed assets	(436.928)	(651.489)	(953.048)	(276.235)
Net Cash from funding activity	6.708.333	7.297.358	(4.638.377)	(1.920.900)
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)
Net Increase / decrease in cash and cash equivalents	(927.556)	(684.850)	640.512	(440.821)



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

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



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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 31.12.2021.

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 118 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.



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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:

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- 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.



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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



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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.

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,



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liabilities, income and expenses. Estimates are made based on the most reliable information available at the date of the financial statements but actual results may differ from these estimates. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods affected as of IAS 1.125.

In accordance with IAS 36, both tangible and intangible assets are reviewed at the balance sheet date to identify whether there are indicators of impairment.

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

3. ACCOUNTING POLICIES

Accounting policies detailed below have been consistently applied by the Company in accordance with IAS 8 and IAS 1.134-135.

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 1.135.

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

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

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



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realized or unrealized, are recorded in the profit and loss account for the respective year, in accordance with IAS 21.

The official exchange rates used to convert foreign currency balances as of 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.

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



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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.

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



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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 19 ha in the peripheral industrial area of the city of Ploiesti, and the industrial buildings and halls they use within this perimeter are in a close connection with the manufacturing process, from the buildings - industrial halls intended for the hot sectors (ex-steel foundry, cast iron and non-ferrous buildings, forge building, model building) to industrial halls mechanical processing (ex-building for mechanical processing, building of oil equipment) to buildings - assembly halls, assembling, assembly tests, tests (ex - building of valves and machines, building of paint - packaging, warehouse hall for assembly).

The company owns on 31.12.2021 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



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between 2 - 22 years, used in industrial purpose, put into operation since 1970.

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

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

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

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

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

– **Buildings and constructions**

lei

	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 - 2021 by 18.610.779,57 while the fair value in 2013 decreased compared to the fair value in 2011 by 1.732.786,00 lei.

– **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	-	-



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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. 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



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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 SIVECO Applications - SVAP 2011). The value of production in progress and finished products includes direct cost of materials, labour and indirect costs of production that we have built.

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

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

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

l. Dividends

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



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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.

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.



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s. Earnings per share.

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

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

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

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

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

- IFRS 14 *Deferred accounts related to the regulated activities* - the standard enters into force for annual periods starting on or after January 1, 2016. The European Commission has decided not to issue the approval process for this interim standard and to wait for the final standard to be issued,
- IFRS 16 *Leasing Contracts* - adopted by the EU on October 31, 2017 (applicable for annual periods beginning on or after January 1, 2019), According to IFRS 16, the lessee recognizes a right of use and a lease liability. The right of use is treated similarly to other non-financial assets and depreciated accordingly. The lease debt is initially measured at the amount of the lease payments due under the terms of the lease, reduced to the default rate in the contract, if this can be easily determined. If that interest cannot be determined, the tenant will use his interest on the loan. As with its predecessor IFRS 16, IAS 17, the parties classify leases as operating or financial. A lease is classified as a finance lease if it transfers all the risks and rewards of ownership. Otherwise, a lease is classified as an operating lease. For financial leasing contracts, the lessor recognizes the income during the contract period based on a model that reflects a constant periodic rate of return on net investment. A lessor recognizes operating lease payments as linear income or, if deemed more representative, depending on how the benefits from the use of the asset diminish. IFRS 16 is valid for annual periods beginning on or after 1 January 2019. IFRS 16 replaces existing leasing instructions, including IAS 17 Leasing, IFRIC 4 *Determining the extent to which a commitment contains a lease*, SIC-15 Operating leasing - Incentives and SIC-27 Assessing the economic value of transactions involving the legal form of a contract leasing. Earlier adoption of the standard is permitted for entities that apply IFRS 15 on or before the initial application of IFRS 16. The standard eliminates the current dual accounting model for tenants and requires companies to bring most leases into balance sheets in a single model, eliminating the distinction between operational and financial leases. In accordance with IFRS 16, a contract is or contains a lease where it confers the right to control the use of an identified asset for a period of time in exchange for compensation. For such contracts, the new model requires the lessee to recognize a right to use the asset and a right



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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 should use the updated assumptions from this revaluation to determine the cost of current services and net interest for the remainder of the reporting period after the plan change.
- *Amendments to IAS 28 Investments in associates and joint ventures* - Long-term interests in associates and joint ventures - applicable for annual periods beginning on or after January 1, 2019 - Long-term interest in associates and joint ventures - Amendments have been introduced to clarify that an entity applies IFRS 9 including its impairment requirements, term interest in a partnership or joint venture, but to which the method does not apply. equivalence. The amendments also delete paragraph 41 because the Board considered that it had repeatedly reiterated the requirements of IFRS 9 and created confusion regarding long-term interest accounting.
- *Amendments to IFRS 9 Financial Instruments - Changes in the basis for determining contractual cash flows as a result of the reform of the interest rate benchmark - adopted by the EU on 13 January 2021* - applicable for annual periods beginning on or after 1 January 2021
- *Amendments to various standards due to IFRS Improvements (2015-2017 cycle) resulting from the annual IFRS Improvement Project (IFRS 3, IFRS 11, IAS 12 and IAS 23)* with the main purpose of eliminating inconsistencies and clarifying certain applicable forms for annual periods beginning on or after January 1, 2019. The amendments clarify that: an enterprise re-evaluates its previous interest in a joint operation when it gains control of the business (IFRS 3); a company does not revalue its previous interest in a joint operation when it obtains joint control over the enterprise (IFRS 11); a company accounts for all taxable consequences of dividend income in the same way (IAS 12); and an enterprise treats, in general loans, any initial loan made to develop an asset when the asset is ready for its intended



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- *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 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:

- 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.



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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> <u>31 December 2021</u>	<u>Accounting reporting at</u> <u>31 December 2020</u>
	(lei)	(lei)
Trade and other receivables	10.0809.915	5.245.588

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



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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
Total, of which:	10.809.915	10.664.645	145.271
Domestic Client	4.780.032	4.780.032	-
External Client	3.419.886	3.419.886	-
Doubtful client, litigation	614.293	-	614.293
Salary advance	16.800	16.800	-
Suppliers' borrowers	376.914	376.914	-
Debtors	1.594.859	1.594.859	-
Other receivables (VAT not due, accrued expenses and settlement systems in operation during clarification)	476.154	476.154	-
Adjustments for impairment of client receivables	(469.022)	-	(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.

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

Trade receivables and other receivables	Balance at 31.12.2021	from which overdue		
		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
Net receivables	8.722.103,00	2.090.883,71	114.288,41	1.769.294,49



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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 31 December 2021	Accounting report at 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
Total debts	39.298.284	29.755098

- **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
Total, of which:	39.298.284	30.946.688	8.351.596	-
Amounts owed to credit institutions	9.684.449	8.468.766	1.215.683	-
Advances received on account of orders	3.973.782	3.973.782	-	-
Trade debts - suppliers	14.852.180	12.535.867	2.316.313	-
Other liabilities, including tax liabilities and social security liabilities	10.567.656	5.968.273	4.599.383	-
Provisions and income recorded in advance	220.217	-	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.



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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.

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	-	-	-
Net receivables	18.450.581,04	4.489.143,12	1.391.917,73	5.532.823,00

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..

Bank Credit Guarantee:

Bank loans granted through contracts no. 7793/4 and 7793/5 dated 23.01.2019 are guaranteed with real estate mortgages. The most recent valuation for banking purposes was performed in December 2020 by the company Mirva Revalcon Invest SRL Ploiesti, authorized appraiser, accredited member of ANEVAR, the market value of the mortgaged real estate being 32.673.140 lei.

For these mortgaged real estate, the insurance policy no. 2589664 / 26.05.2021, valid from 27.05.2021 until 26.05.2022 (for the insured amount of 27.993.950 lei).

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



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- land located in 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 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 supplementation of the guarantees granted to the bank arose from the increase of the working capital ceiling granted to the company by the Additional Act no. 1 / 27.06.2019 to the contract no. 7793/5 of 23.01.2019.

Interest rate risk

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

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

Liquidity risk

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

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

Currency risk

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

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

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.



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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 a 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.

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;



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- 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:



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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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
TOTAL	5.365.459	100,0000

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.

	Accounting report at 31 December 2021	Accounting report at 31 December 2020
	(lei)	(lei)
Legal reserves	2.001.592	1.985.076

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

Other reserves

	Accounting report at 31 December 2021	Accounting report at 31 December 2020
	(lei)	(lei)
Other reserves	631.133	631.133

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

Revaluation reserve

The revaluation reserve is the amount of 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;



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- technological equipment, technical installations, machinery, furniture and office equipment – on 31.12.2007.

	Accounting report at <u>31 December 2021</u>	Accounting report at <u>31 December 2020</u>
	(lei)	(lei)
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:

- 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.

	Accounting report at <u>31 December 2021</u>	Accounting report at <u>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)



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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

	Accounting report at 31 December 2021	Accounting report at 31 December 2020
	(lei)	(lei)
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
Profit / (Fiscal Loss)	1.976.733	(7.518.538)
Profit tax on result	-	-
Profit tax due	-	-
Net profit / (Net loss)	330.324	(11.615.826)

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:

$$\begin{array}{rcl} 121 & = & 1171.02 \\ \text{Profit or loss} & & \text{Profit carried forward - profit} \end{array} \qquad 313.808,27$$



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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 (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.

	Accounting report at	Accounting report at
	<u>31 December 2021</u>	<u>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:

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



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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
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							
Balance at 01 January 2021	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



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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.

– 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
Accrued depreciation				
Balance at 01 January 2021	131.656	764.292	-	895.948
Depreciation of period 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



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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 SIVECO 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>31-December</u>
In LEI	<u>2021</u>	<u>2020</u>
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
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
Total	40.681.625	34.585.335
Advances to purchases assets such as stocks	287.088	173.304
Total General Inventory	40.968.713	34.758.639

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: lei

- 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



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

- 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

lei

OPERATING INCOME

31-December
2021

31-December
2020

	<u>31-December</u> <u>2021</u>	<u>31-December</u> <u>2020</u>
Total operating income, of which:	44.652.881	33.630.585
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

OPERATING EXPENSES

31-December
2021

31-December
2020

	<u>31-December</u> <u>2021</u>	<u>31-December</u> <u>2020</u>
Total operating expenses, of which:	43.642.868	44.601.931
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
Total operating expenses, of which:	(4.800)	(16.291)



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FINANCIAL REVENUE

31-December
2021

31-December
2020

Total financial revenue, of which:	187.101	538.138
Income from exchange rate fluctuations	178.090	531.419
Interest income	1.681	2.701
Other financial income	7.330	4.018

FINANCIAL EXPENSES

31-December
2021

31-December
2020

Total financial expenses, of which:	866.790	1.182.618
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
Net result of period	330.324	(11.615.826)	543.176	783.882
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)
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
Movements in working capital	1.745.318	6.210.455	1.986.034	3.192.172
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
Cash used for operation	8.756.605	(1.319.999)	4.399.012	(1.848.379)
Profit tax paid	-	-	-	-
Interest paid	517.998	(605.349)	(696.285)	(371.361)
Cash generated by operating activity	(7.198.961)	(7.330.719)	6.231.937	1.756.314



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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;
- income from royalties, management and rental locations;
- revenues from commodities.

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

Report on operating segment at 31 December 2021	Value (lei)	Share of total income %
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
Total	44.269.968,13	98,73



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

Report on operating segment at 31 December 2020	Value (lei)	Share of total income %
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	-

b) Acquisition of goods and services:

<u>Entity name</u>	<u>Acquisitions 2021</u>	<u>Acquisitions 2020</u>
	<u>lei</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>Acquisitions n 2020</u>
	<u>usd</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



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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>	% money fund owned in Asociatia UZTEL
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>	% money fund owned in Asociatia UZTEL
Shabum International LTD Tel Aviv	0,2640

c) Compensation granted to key management personnel:

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

	<u>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:

Statutory Auditor	lei
- Acon Business Solutions SRL Ploiesti	3.000,00
- Ecoteh Expert SRL Bucuresti	24.608,75
Internal auditor	lei
- Fin Consult Audit SRL Ploiesti	38.500,00
Auditors for certification of quality management systems and products (licenses)	lei
- GR Eurocert SRL Ploiesti Romania	18.721,30
- ND U Test SRL Buzau	9.888,00
- Pavel VS Stefan Onesti	1.800,00
	usd
- American Petroleum Institut Washington USA	21.185,60
- Techstreet – Clarivate Analytics LLC Canada	912,00
	euro



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Certification Center Constand 34.506,00
(2) *Expenses with wages for personnel*

	Accounting report at	Accounting report at
	<u>31 December 2021</u>	<u>31 December 2020</u>
	(lei)	(lei)
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:*

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



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– 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.



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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.

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 1 efforts coordinated by governments and central banks in the adoption of special measures aimed at countering growing aversion to risk and restore normal operation of the market. The Company's management cannot predict events that could have an effect on the banking sector in Romania and then what effect would have on the company's business.

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.



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

17. THROUGHOUT THE INSOLVENCY - REORGANIZATION PROCEEDINGS

By 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.

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 - 31.12.2021 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



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Sighiartau Dan Petru	Commercial Director	15.02.2021-31.12.2021	Decision 49/09.02.2021
Voica Alin 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. 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.



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– 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



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NOTE OF SUBSTANTIATION
of the proposal on distribution of accounting profit on
31.12.2021

In the financial year ended December 31, 2021 the company UZTEL SA Ploiesti registered a net accounting profit in the amount of 330.324,49 lei.

Under Law 31/1990 on commercial companies: according to art. 183, "*of the company's profit shall be taken at least 5% each year for the formation of the reserve fund, until it reaches at least a fifth of the share capital.*" Thus, at the end of each year, the legal reserve of the company's profit will be created by applying the 5% share, until the reserve reaches 20% of the equity.

At 31 December 2021, the statutory legal reserve worth 2.001.592,16 lei, and the total amount of the constituted reserve is 2.682.729,50 lei.

The company constituted on 31.12.2021 the legal reserve amounting to 16.516,22 lei , according to the provisions of art. 26 par. (1), lit. (a) of Law no. 227/2015 regarding the Fiscal Code, as follows:

129	=	1061	16.516,22 lei
Profit distribution		Legal reserves	

As a result of establishing the legal reserve amounting to 16.516,22 lei, the net book profit will be of 313.808,27 lei.

It is proposed to the General Meeting of Shareholders that the net profit of 313.808,27 lei should be recorded in the accounting records of Uztel SA Ploiesti as follows:

121	=	1171.02	313.808,27 lei
Profit		Result reported -profit	
1171.02	=	1171.01	313.808,27 lei
Reported result -profit		Reported result-loss	

The result carried forward from previous years is an accounting loss amounting to (24.302.726,04) lei, consisting of:

- Loss related to the year 2017, amounting to (12.686.899,66) lei;
- Loss related to 2020, amounting to (11.615.826,38) lei.

According to the provisions of art. 31 par. (1), lit. (a) of Law no. 227/2015 regarding the Fiscal Code and art. 19 par. (4) of the Accounting Law no. 82/1991 with subsequent



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modifications and completions, after the approval of these accounting operations, the company's net loss shall be in the amount of (23.988.917,77) lei .

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

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

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

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

"(3) - Favorable differences in the revaluation of assets will be included in reserves, without increasing the share capital."

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

On 31.12.2021, the company has registered in account 1175 *“The carried forward result representing the surplus realized from revaluation reserves”*, the amount of 14.199.853,95 lei, composed as follows:

- reserves related to the surplus from the revaluation of tangible assets (equipment and technical installations) removed from the record between January and December 2021 by scrapping and sale, in the amount of 70.437,83 lei, the amount that was included in the tax base as a similar element to income;

- reserves related to the surplus from the revaluation of tangible assets (constructions, equipment and industrial machinery, office equipment) in the amount of 14.129.416.12 lei highlighted in the fiscal register by the quarterly transfer from the revaluation reserve accounts as depreciation as non-deductible expenses.

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

:



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1175	=	1171.01	70.437,83 lei
Reported result representing surplus made of revaluation reserves		Reported result-loss	

After the approval of 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".

General Director
Eng. Anghel George

Economic Director
Ec. Popescu Ileana

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



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STATEMENT

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

The annual financial statements were prepared on 31/12/2021 for:

Entity: SC Uztel SA

County: 29-PRAHOVA

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

Trade register number: J29 / 48/1991

Property form: 34-Stock companies

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

Unique registration code: RO 1352846

The undersigned eng. Anghel George Marinelo, according to art. 10 paragraph (1) of the accounting law no. 82/1991, having the capacity of General Director, assumes the responsibility for the preparation of the annual financial statements on 31/12/2021 and confirms the following:

- a) The accounting policies used in the preparation of the annual financial statements are in accordance with the applicable accounting regulations.**
- b) The annual financial statements offer a faithful image of the financial position, financial performance and other information regarding the activity carried out.**
- c) The legal entity carries on its activity under conditions of continuity.**

CEO,

Eng. Anghel George Marinelo

**INDEPENDENT AUDITOR'S REPORT ON OF INDIVIDUAL
FINANCIAL STATEMENTS FROM
31.12.2021 of UZTEL S.A. PLOIESTI**

To,
Shareholders of UZTEL S.A. PLOIESTI

OPINION

1. We audited the attached financial statements of UZTEL SA. PLOIESTI ("Society"), headquartered in Ploiești, Mihai Bravu Street, no. 243, identified by the unique fiscal registration code RO 1352846, which includes the statement of financial position as of December 31, 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year ended and a summary of accounting policies significant and other explanatory information.

2. The financial statements referred to refer to:

- Net assets/ Total equity: 49.510.607 lei
- Net profit for the financial year: 330.324 lei

3. In our opinion, the accompanying financial statements provide a true and fair view of the Company's financial position as at 31 December 2021 as well as its financial performance and cash flows for the financial year ended in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") and with OMFP 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards.

BASIS FOR OPINION

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

HIGHLIGHTING SOME ASPECTS

Uncertainty related to business continuity

5. We draw attention to Note 2 "Basis of preparation of individual financial statements - Business continuity (c)". According to this note, the company states that "based on the analyses performed, the Directors of the company confirm that it (the Company, nn) will be able to continue its activity in the foreseeable future and therefore the application of the business continuity principle is justified and appropriate. financial statements based on this principle "

By the sentence no. 129 of 03.03.2017 pronounced in File no. 4732/105/2010 by the Dolj Tribunal, Civil Section II, it was ordered to close the reorganization procedure of Uztel SA, as a result of fulfilling the payment obligations assumed in the confirmed plan by the sentence no. 1282 of October 9, 2012 and the reinsertion of the company Uztel SA. In the economic circuit with the continuation of the activity.

Also, Note 17 describes the events subsequent to the balance sheet date that may affect the information presented in the balance sheet, including the continuity of the activity. Thus, the company describes the impact of the Pandemic generated by the SARS-coV-2 virus worldwide. This situation had a negative impact on orders, which decreased sharply in 2021. The decrease in the volume of orders and contracts had a negative effect on cash flow and the accumulation of budget and trade debts.

The state of war in Ukraine and the restrictive measures imposed on Russia and Belarus by the European Union are implicitly affecting the normal functioning of economic and financial activities, with a direct impact on financial mechanisms, which can lead to difficulties in managing risks and ensuring / maintaining normal conditions. carrying out the activity of entities / companies in many fields of activity.

These economic implications may affect the financial statements at the following level:

- The value of inventories, receivables and payables;
- The value of goodwill, intangible assets;
- Contractual penalties for non-compliance with the terms and conditions

Although these issues are not explicitly mentioned in Note 17, the company's management states that "uncertainties and risks in the economic, commercial and financial environment remain high nationally and internationally". The same note also mentions that inflation forecasts have been revised considerably upwards compared to the forecasts for the fourth quarter of 2021. Thus, it is estimated that rising energy and gas prices will lead to a significant and unpredictable increase in inflation. utility costs in total operating expenses of the company.

These events and the restrictions imposed in 2022, together with other aspects presented in Note 17, indicate the existence of a significant uncertainty regarding the Company's ability to continue its activity.

These events and the restrictions imposed in 2022, together with other aspects presented in Note 17, indicate the existence of a significant uncertainty regarding the Company's ability to continue its activity. The management of the Company has taken measures to secure the financing for the next 12 months and, according to the Management Statement, the continuity of the activity during this period is ensured.

Our opinion is not changed on these issues.

AUDIT KEY ASPECTS

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

Audit key aspects	Approach within the audit mission
<p>Revenue recognition See note 12 "Income from the company's core business" Revenue recognition policy is set out in Note 3 "Revenue accounting policies"</p> <p>In accordance with International Standards on Auditing, there is an implicit risk in recognizing revenue due to the pressure that management may feel in connection with achieving the planned results.</p> <p>The main activity through which the Company generates revenues is the manufacture of equipment for extraction and construction.</p> <p>Revenues are recorded at the time of production and are finalized upon invoicing to the customer.</p>	<p>Our audit procedures included, but are not limited to:</p> <ul style="list-style-type: none"> - Evaluation of the processes and controls regarding the existence and accuracy of the registered revenues; - Carrying out procedures to test that income is recorded in the correct period; - Testing based on a sample of commercial rents by issuing confirmation letters;

7. The administrators are responsible for the preparation and presentation of other information. That other information includes the Directors' Report but does not include the financial statements and the auditor's report thereon, nor the non-financial statement. Our opinion on the financial statements does not cover this other information and, unless explicitly stated in our report, we do not express any assurance about.

In connection with the audit of the financial statements for the financial year ended December 31, 2021, it is our responsibility to read that other information and, in doing so, to assess whether that other information is materially inconsistent with the financial statements, or with the knowledge we have. we obtained during the audit, or if they appear to be significantly distorted.

Regarding the Directors' Report, we have read and report whether it has been prepared in all material respects, in accordance with OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards.

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

- a) The information presented in the Directors' Report for the financial year for which the financial statements have been prepared is consistent in all material respects with the accompanying financial statements;
- b) The directors' report has been prepared, in all material respects, in accordance with OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards.

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the financial year ended December 31, 2021, we are required to report whether we have identified significant misstatements in the Directors' Report. We have nothing to report on this.

RESPONSIBILITIES OF MANAGEMENT AND GOVERNANCE PERSONS FOR FINANCIAL STATEMENTS

8. The Company's management is responsible for the preparation of financial statements that provide a true and fair view in accordance with OMFP 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards and for such internal control as management deems necessary to enable the preparation of financial statements. financial statements free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue operating, for presenting, as appropriate, business continuity issues and for using accounting based on business continuity, unless management is intended to liquidate the Company or to cease operations, or has no realistic alternative other than these.

10. The persons responsible for governance are responsible for overseeing the financial reporting process of the Company.

AUDITORS RESPONSABILITIES IN AN AUDIT OF FINANCIAL STATEMENTS

11. Our objectives are to obtain reasonable assurance about the extent to which the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with the ISA will always detect a significant misstatement, if any. Distortions can be caused by either fraud or error and are considered significant if it can reasonably be expected that they will, individually or cumulatively, influence the economic decisions of users made on the basis of these financial statements.

12. As part of an ISA audit, we exercise professional judgment and maintain professional scepticism during the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to such risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a significant misstatement caused by fraud is higher than the risk of not detecting a significant misstatement caused by error, as fraud may involve secret agreements, misrepresentation, intentional omissions, misrepresentation and circumvention of internal control.
- We understand the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.

- We formulate a conclusion regarding the adequacy of the management's use of accounting based on business continuity and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could raise significant capacity concerns the company to continue its activity. If we conclude that there is significant uncertainty, we should draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, change our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to discontinue its business on a going concern basis.

- We evaluate the presentation, structure and content of financial statements, including disclosures, and the extent to which financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.

13. We communicate to those responsible for governance, among other things, the planned area and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, which we identify during the audit.

14. We also provide those responsible for governance with a statement of our compliance with our ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be considered to affect our independence and, where applicable, if applicable, the related safety measures.

15. Among the issues that we communicated to those charged with governance, we establish those issues that were most important in the audit of the current financial statements and, therefore, are key audit issues. We describe these issues in our audit report, unless legislation or regulations prevent the public disclosure of that issue or if, in extremely rare circumstances, we believe that an issue should not be disclosed in our report because it is expected in reasonably that the benefits of the public interest are outweighed by the negative consequences of this communication.

REPORT ON OTHER LEGAL AND REGULATORY PROVISIONS

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

16. We performed a reasonable assurance mission on the compliance of the individual financial statements in XHTML format of Uztel SA Ploiești ("the Company") on 31.12.2021 ("XHTML Statements") with the provisions of Delegated Regulation (EU) 2018/815 of the European Commission, which sets out the regulatory technical standards for the specification of a single electronic reporting format ("RTS on ESEF").

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

The Company's management is responsible for preparing the XHTML Statements in accordance with the RTS on ESEF. This responsibility involves:

- ensuring consistency between the XHTML Statements and the financial statements prepared for submission to the relevant authorities in accordance with Order of Public Finance Ministry 2844/2016;
and
- design, implement and maintain internal control relevant to the preparation and presentation of XHTML Statements in accordance with the RTS on ESEF that are free from material misstatement, fraud or error.

Our responsibility

It is our responsibility to express, on the basis of the evidence obtained, a conclusion as to the extent to which the XHTML Situations comply, in all material respects, with the RTS requirements for ESEF. Our reasonable assurance assignment was performed in accordance with International Standard on Assurance Assignments 3000 (revised) - Assurance Assumptions other than audits or reviews of historical financial information ("ISAE 3000") issued by the International Auditing and Assurance Standards Board.

Reasonable assurance in accordance with ISAE 3000 requires procedures to be performed to obtain evidence of compliance with the RTS on ESEF. The nature, timing, and extent of the selected procedures depend on the auditor's reasoning, including the assessment of the risk of material misstatement of the ESR provisions of the RTS, whether due to fraud or error. A reasonable assurance involves:

- obtaining an understanding of the process by which the Company prepares XHTML Statements in accordance with the RTS on ESEF, and the relevant internal controls;
- assessing whether the financial statements have been prepared in a valid XHTML format;
- reconciliation of the XHTML Statements with the audited financial statements prepared by the Company in accordance with Omfp 2844/2016 for submission to the relevant authorities.

We consider that the evidence obtained is sufficient and adequate to provide a basis for our conclusion.

Conclusion

In our opinion, the XHTML Statements for the financial year ended 31.12.2021 comply, in all material respects, with the RTS requirements for ESEF.

We do not express an audit opinion, a review conclusion, or any other assurance on the financial statements in this report. Our audit opinion on the Company's individual financial statements for the financial year ended 31.12.2021 is included in the "Report on the audit of the individual financial statements" section above.

17. We have been appointed by the General Meeting of Shareholders to audit the financial statements of UZTEL SA. Ploiești for the financial year ended December 31, 2021. The total uninterrupted duration of our commitment is 1 year, covering the financial year ended December 31, 2021.

We confirm that:

- Our audit opinion is in accordance with the supplementary report submitted to the Company's Audit Committee, which we issued on the same date as this report. Also, in conducting our audit, we maintained our independence from the audited entity;
- We did not provide the Company with the prohibited non-audit services referred to in Article 5 (1) of EU Regulation No 537/2014..

On behalf of:

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Registered with the Authority for Public Supervision of the Statutory Audit Activity
with number FA1047

Audit Partner,
PhD Aurelian Constantin
Registered with the Authority for Public Supervision of the Statutory Audit Activity
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March 28, 2022

Illegible signature, round stamp