



## **UZTEL S.A.**

### **OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS**

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

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

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

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## **SEMESTER REPORT AT 30.06.2021**

**Half-year report according to the financial statement as at 30.06.2021**

**Date of report: 30.08.2021**

**Name of the company: UZTEL S.A.**

**Headquarters: Str.Mihai Bravu, nr.243, Ploiesti city, zip  
100410, Prahova County**

**Phone:0040/0244/541399 or 0372441111–call center**

**Fax:040/0244/521181**

**E-mail: office@uztel.ro**

**Unique Registration Code at the Trade Registry Office: RO1352846**

**Order number in the Trade Register: J29 / 48/1991**

**Subscribed and paid-up share capital: 13,413,647.50 lei**

**The regulated market on which the issued securities are traded:**

**Bucharest Stock Exchange - Symbol UZT**

The Interim Report of the Board of Directors of Uztel SA Ploiesti for the first semester of 2021 shows the significant events and transactions for understanding the changes in the company's position and performance that took place between January 1 and June 30, 2021, prepared according to the provisions of the N.S.C. Rule no. 5/2018 regarding issuers of financial instruments and market operations (Annex nmb. 14).



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#### Economic and financial situation

#### 1.1. Presentation of an analysis of the current economic and financial situation compared to the same period last year, referring at least to:

##### a ) Elements of financial position

lei

Indicator	30.06.2021	31.12.2020	30.06.2020
<b>TOTAL ASSETS, of which:</b>	<b>81.060.272</b>	<b>78.935.381</b>	<b>85.695.720</b>
· Fixed assets	36.510.452	37.644.835	38.978.987
· Current assets	44.543.035	41.286.897	46.711.252
· Other assets	6.785	3.649	5.481

**Total Assets** - registered a percentage increase of 2,69% on 30.06.2021 compared to 31.12.2020 and a percentage decrease of 5,41% compared to 30.06.2020, due to the following evolutions:

**Fixed assets** registered a percentage decrease of 3,01% on 30.06.2021 compared to 31.12.2020, and a percentage decrease of 6,33% compared to 30.06.2020;

**Current assets** registered a percentage increase of 7,89% on 30.06.2021 compared to 31.12.2020 and a percentage decrease of 4,64% compared to 30.06.2020;

**Other assets (expenses in advance)** registered a percentage increase of 85,94% on 30.06.2021 compared to 31.12.2020 and a percentage increase of 23,79% compared to 30.06.2020

lei

Indicator	30.06.2021	31.12.2020	30.06.2020
<b>TOTAL LIABILITIES, of which:</b>	<b>81.060.272</b>	<b>78.935.381</b>	<b>85.695.720</b>
• Current liabilities	27.637.935	20.419.534	26.316.574
• Long-term debt	8.239.297	9.110.547	3.799.369
• Equity	44.958.023	49.180.283	55.340.180
• Other liabilities	225.017	225.017	239.597



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**Total Liabilities** - registered a percentage increase of 2,69% on 30.06.2021 compared to 31.12.2020 and a percentage decrease of 5,41% compared to 30.06.2020, due to the following developments:

**Current liabilities (amounts to be paid in a period of up to one year)** registered a percentage increase of 35,35% on 30.06.2021 compared to 31.12.2020 and a percentage increase of 5,02% compared to 30.06.2020 .

**Long-term debts (amounts to be paid in a period of more than one year)** registered a percentage decrease of 9,56% on 30.06.2021 compared to 31.12.2020 and a percentage increase of 116,86% compared to 30.06 .2020.

**The own capitals** registered a percentage decrease by 8,59% on 30.06.2021 compared to 31.12.2020 and a percentage decrease by 18,76% compared to 30.06.2020.

**Other liabilities (provisions for litigation and guarantees granted to customers)** remained at the same level on 30.06.2021 compared to 31.12.2020 and recorded a percentage decrease of 6,09% compared to 30.06.2020.

#### b ) Elements of the overall result

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Explanations	01 January - 30 June 2021	01 January - 30 June 2020
<b>TOTAL REVENUE, of which:</b>	<b>14.895.076</b>	<b>20.267.546</b>
· Operational revenues (operation)	14.769.997	20.062.426
· Financial income	125.079	205.120
<b>TOTAL EXPENDITURE of which:</b>	<b>19.117.335</b>	<b>28.248.822</b>
· Operational expenses (exploitation)	18.678.016	27.604.203
· Financial expenses	439.319	644.619
<b>Result of operational activity (exploitation)</b>	<b>(3.908.019)</b>	<b>(7.541.777)</b>
<b>Financial result</b>	<b>(314.240)</b>	<b>(439.499)</b>
<b>GROSS RESULT</b>	<b>(4.222.259)</b>	<b>(7.981.276)</b>
<b>NET RESULT</b>	<b>(4.222.259)</b>	<b>(7.981.276)</b>

**Total revenues** - registered a percentage decrease by 26,51% on 30.06.2021 compared to 30.06.2020, i.e., in nominal values from 20.267.546 lei to 30.06.2020 to 14.895.076 lei on 30.06.2021.



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**The total expenses** - registered a percentage decrease by 32,33% on 30.06.2021 compared to 30.06.2020, i.e., in nominal values from 28.248.822 lei to 30.06.2020 to 19.117.335 lei on 30.06.2021.

**The result from the operational activity (operation)** registered an increase on 30.06.2021 compared to 30.06.2020, i.e., in nominal values from -7.541.777 lei to 30.06.2020 to -3.908.019 lei on 30.06.2021.

**The financial result** increased on 30.06.2021 compared to 30.06.2020, i.e., in nominal values from -439.499 lei on 30.06.2020 to -314.240 lei on 30.06.2021.

**The gross / net result of the period** registered an increase on 30.06.2021 compared to 30.06.2020, i.e., in nominal values from -7.981.276 lei on 30.06.2020 to -4.222.259 lei on 30.06.2021.

#### c ) Cash-flow elements

Explanations	lei	
	01 January- 30 June 2021	01 January- 30 June 2020
A. Net cash from operating activities	(378.657)	(2.348.843)
B. Net cash derived from investment business	(158.774)	(373.706)
C. Net cash from financing	(430.694)	1.458.926
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(968.125)	(1.263.623)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1.286.319</b>	<b>1.971.117</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>318.194</b>	<b>707.494</b>

The process of commercial, economic and financial profitability of Uztel SA is continued through:

- Maintaining an optimal level of sales on the domestic and international market;
- Optimization of stock levels of raw materials, finished materials and products;
- A more "aggressive" policy of conquering new sales markets;



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- Medium and long-term development of joint ventures;
- More accelerated dynamics in recovering company's outstanding commercial receivables;
  - Making investments to improve technological performance and ensure health and safety conditions of work;
  - Achieving a balance between revenue and expenditure to maintain the profitability threshold by reducing the direct and indirect costs of the company according to the sales volume.

UZTEL SA has proposed to carry out its activity in conditions of continuity and compliance 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 state on the Romanian territory determined social and commercial, economic and financial phenomena and aspects independent of the society and which cannot be controlled by it, which led and will inevitably lead to an inevitable negative impact regarding the drastic decrease of the volume of orders and commercial contracts related to 2021, the achievement of the provided budgetary indicators.

## **2. Analysis of the activity of Trading Company**

**2.1.** Compared to the same period last year (semester I 2020), during the first semester of 2021 the following are observed:

- Respecting the principle of continuity of activity by providing financial resources necessary for the commercial development of the company;
- A percentage increase of 41,81% of interest expenses on 30.06.2021 as compared to 30.06.2020, i.e., in nominal values from 422.593 lei at 30.06.2020 to 245.913 lei at 30.06.2021 due to the financing sources attracted- the aforesaid interest are paid for contracted and consumed bank credits;
- A percentage decrease of 31,17% of the expenses with personnel at 30.06.2021 compared to 30.06.2020, i.e. in nominal values from 12.553.402 lei to 30.06.2020 at 8.641.033lei at 30.06.2021.



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Due to the nature of its activities, the Company is exposed to various risks, including: interest rate risk, liquidity risk, currency risk, market risk. Management aims to reduce the potential adverse effects associated with these risk factors to the financial performance of the company by maintaining an adequate level of capital and results.

#### *Interest rate risk*

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

	<b>Accounting reporting at 30 June 2021</b>	<b>Accounting reporting at 30 June 2020</b>
Interest paid	(lei) 245.913	(lei) 422.593

#### *Liquidity risk*

The prudent management of liquidity risk involves maintaining sufficient cash in current bank accounts in RON and foreign currency.

	<b>Accounting reporting 30 June 2021</b>	<b>Accounting reporting at 30 June 2020</b>
Cash and cash on hand	(lei) 318.194	(lei) 707.494

#### *Currency risk*

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

	<b>Accounting reporting 30 June 2021</b>	<b>Accounting reporting 30 June 2020</b>
Net result of exchange rate	(lei) (69.602)	(lei) (30.190)

#### *Market risk*

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, as consumer preferences and orientations (internal and external customers), the dramatic increase of the oil price and investment budgets of the big oil companies and the size of the competitors' offer are unpredictable. As a result, the company is currently



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facing instability in the demand for oil equipment, sales and oil barrel prices, which generated a variation in turnover and, implicitly, of the volume of sales on the domestic and international market and therefore a decrease of the cash flows generated by the operating activity.

**2.2.** Compared to the same period last year, in the first semester of 2021 Uztel SA Ploiesti supported the expenses of the activity from its own sources and attracted sources of bank financing by assigning invoices for certain clients / internal debtors.

– Fixed assets decreased in the first half of 2021 compared to the first half of 2020 by 6,33%, from 38.978.987 lei on 30.06.2020 to 36.510.452 lei on 30.06.2021 as a result of the decrease of the net value of tangible fixed assets by 6,31%, from 38.876.566 lei on 30.06.2020 to 36.422.898 lei on 30.06.2021 by calculating and recording depreciation, as well as decreasing the net value of intangible assets by 14,52%, from 102.421 lei to 30.06.2020 to 87.554 lei on 30.06.2021.

– Current assets decreased in the first half of 2021 compared to the first half of 2020 by 4,64% from 46.711.252 lei on 30.06.2020 to 44.543.035 lei on 30.06.2021.

**2.3.** The sales volume achieved by the company in the first half of 2021 was 11.037.189 lei, representing a percentage decrease of 46,24% compared to the same period of the previous year, i.e., in nominal values from 20.531.586 lei on 30.06.2020 to 11.037.189 lei on 30.06.2021.

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 oil barrel price and reluctance / stagnation of investment appetite of national and international drilling companies against the background of the medical crisis and the oil crisis.

#### **Income from the core business of the company**

Turnover for the period 01.01.2021 - 30.06.2021 is as follows:

<b>Accounting reporting at 30.06.2021</b>	<b>Value ( lei )</b>	<b>Share in Total revenue %</b>	<b>Share in Turnover %</b>
Income from the sale of finished products – domestic market	6.795.336	45,62	61,57
Revenues from the sale of finished products – external market	4.152.803	27,88	37,63



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Revenue from services rendered - Laboratory benefits	2.490	0,02	0,02
Revenue from rendered services - internal transport	601	0,00	0,01
Revenue from rendered services – external transport	69.513	0,47	0,63
Revenue from leasing of oilfield equipment	11.821	0,08	0,11
Income from sales	4.444	0,03	0,04
Income from various activities	181	0,00	0,00
<b>Turnover - total</b>	<b>11.037.189</b>	<b>74,10</b>	<b>100,00</b>

The turnover for the period 01.01.2021 - 30.06.2021 per business segments is as follows:

<b>Reporting on operational segments at June 30, 2021</b>	<b>Value ( lei )</b>	<b>Share in Total revenues %</b>
Income from the sale of finished products - domestic	6.795.336	45,62
Revenues from the sale of finished products - external	4.152.803	27,88
Income related to the cost of finished product stocks and production in progress	3.713.194	24,93
Revenue from services rendered	72.785	0,49
Revenue from leasing of oilfield equipment	11.821	0,08
Income from sales	4.444	0,03
Other operation revenue	19.614	0,13
<b>Total</b>	<b>14.769.997</b>	<b>99,16</b>

lei

For the trade segment the turnover is in the sum of:	4.444
For the services segment the turnover is in the sum of:	84.606
For the production segment the turnover is in the amount of:	10.948.139

The turnover for the period 01.01.2020 – 30.06.2020 is as follows:

<b>Accounting reporting at 30.06.2020</b>	<b>Value ( lei )</b>	<b>Share in Total revenues %</b>	<b>Share in turnover %</b>
Income from the sale of finished products - domestic	14.057.739	78,12	68,47
Revenues from the sale of finished products - external	6.419.827	35,68	31,27
Revenue from rendered services - internal	12.136	0,07	0,06



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transport			
Revenue from rendered services - external transport and goods insurance	6.637	0,04	0,03
Revenue from rendered services - external transport	34.943	0,19	0,17
Income from sale of goods	20.636	0,11	0,10
Income from various activities - domestic	70.238	0,39	0,34
Trade discounts granted	(90.570)	(0,50 )	(0,44)
<b>Turnover - total</b>	<b>20.531.586</b>	<b>114,10</b>	<b>100,00</b>

The turnover for the period 01.01.2020 - 30.06.2020 per business segments is as follows:

<b>Reporting on operational segments at June 30, 2020</b>	<b>Value ( lei )</b>	<b>Share in Total revenues %</b>
Income from the sale of finished products - domestic	13.967.169	77,62
Revenues from the sale of finished products - external	6.419.827	35,68
Income related to the cost of finished product stocks and production in progress	(1.511.976)	(8,40)
Revenue from services rendered	123.954	0,69
Income from sale of goods	20.636	0,11
Income from operating subsidies for the payment of furlough	1.039.945	5,78
Income from the sale of finished products - domestic	(2.272.928)	(12,63)
<b>Total</b>	<b>17.786.627</b>	<b>98,84</b>

lei

For the trade segment the turnover is in the sum of:	20.636
For the service segment the turnover is in the sum of:	123.954
For the production segment the turnover is in the amount of:	20.386.996

#### Evolution of sales on the domestic and foreign market:

- **Sales in RON** decreased from 14.160.748 lei on 30.06.2020 to 6.814.872 lei on 30.06.2021, ie a percentage decrease by 51,87% compared to the same period of 2020;
- **Sales in EUR** decreased from 719.274 eur on 30.06.2020 to 497.256 eur on 30.06.2021, ie a percentage decrease of 30,87% compared to the same period of 2020;
- **Sales in USD** decreased from 695.550 usd on 30.06.2020 to 441.322 usd on 30.06.2021, ie a percentage decrease by 36,55% compared to the same period of 2020.



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Explanations	30.06.2020	30.06.2021	30.06.2021/30.06.2020*100
Sales in RON	14.160.748	6.814.872	48,13
Sales in EURO	719.274	497.256	69,13
Sales in USD	695.550	441.322	63,45

### 3. Changes affecting the capital and management of the company

3.1. In Between January 1 and June 30, 2021, the company tried, in the current market conditions, to maintain an acceptable volume of commercial and budgetary debts compared to the volume of sales made and the one estimated to be achieved.

3.2. The Company did not recorded changes regarding the rights of the holders of securities issued by the company as follows:

- According to the existing records at the Central Depository S.A., the situation of the owners of shares on 30.06.2021 is the following:

Shareholder	Nmb. Of shares	Percent ( % )
UZTEL Association	4.498.300	83,8381
Natural persons	447.133	8,3335
Legal entities	420.026	7,8283
<b>TOTAL</b>	<b>5.365.459</b>	<b>100</b>

- According to the existing records at the Central Depository S.A., the situation of the owners of shares on 30.06.2020 is the following:

Shareholder	Nmb. Of shares	Percent ( % )
UZTEL Association	4.498.300	83,8381
Natural persons	447.033	8,3317
Legal entities	420.126	7,8302
<b>TOTAL</b>	<b>5.365.459</b>	<b>100</b>

By sentence no.129 dated 03.03.2017 pronounced in 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 fulfillment of payment obligations assumed in



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the plan confirmed by sentence no. 1282 9 October 2012 and the Uztel SA Company's reintegration into the economic environment with continued activity

In accordance with the legal provisions in force, namely Law 31/1990 as amended and updated, 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 - 30.06.2021		
Surname, given name	POSITION	PERIOD
Hagiu Neculai	CEO	01.01.2021-30.06.2021
Popescu Ileana	Member of Board of Directors	01.01.2021-30.06.2021
Serbaniuc Tudor	Member of Board of Directors	01.01.2021-30.06.2021
Stan VasileArmis	Member of Board of Directors	01.01.2021-30.06.2021
Grigore Victor	Member of Board of Directors	01.01.2021-30.06.2021

#### 4. Significant transactions

IAS 24 "Affiliated Party Operations" regulates business operations with entities that have cash holdings as associate members of the Uztel Ploiesti Association (the majority shareholder of UZTEL SA - Ploiesti with a total of 4.498.300 shares, representing 83,84 % of the share capital of the company).

#### The following transactions have been made with affiliated parties:

##### A) Sales of products and services

<u>Description of entity</u>	<u>6 months 2021</u> <u>lei</u>	<u>6 months 2020</u> <u>lei</u>
Axon SRL Ploiesti	773,32	36.028,80

##### B) Aquisition of goods and services

<u>Description of entity</u>	<u>6 months 2021</u> <u>lei</u>	<u>6 months 2020</u> <u>lei</u>
Axon SRL Ploiesti	296.797,72	217.574,82
Hany Industry SRL Ploiesti	548.265,08	381.541,43
Platus Com SRL Campina	11.879,55	11.463,00
Titancore SRL Ploiesti	131.796,05	77.056,68



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<u>Description of entity</u>	<u>6 months 2021</u> <u>usd</u>	<u>6 months 2020</u> <u>usd</u>
Shabum International LTD Tel Aviv	1.319,10	6.383,10

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

The legal entities whose transactions were mentioned above do not fall under the provisions of art. 92<sup>3</sup> paragraph (3) 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 Share of the money funds held, on 30.06.2021, by the legal entities in their capacity as members of the Uztel Association, as follows:

<u>Description of entity</u>	<u>%money hold in</u> <u>Asociatia UZTEL</u>
Axon SRL Ploiesti	0,7380
Comis SRL Valeni de Munte	8,2977
Electro Service Onel& Co SNC Ploiesti	8,4355
Iulnicomnic SRL Ploiesti	1,8897
Passion SRL Ploiesti	0,3982
Platus Com SRL Campina	0,6090
Titancore SRL Ploiesti	4,2191
RikoraFlm SRL Focsani (Vaspel SRL Focsani )	0,5087

<u>Description of entity</u>	
Shabum International LTD Tel Aviv	0,2640

Board of Directors, through,  
CEO  
HagiuNeculai

General Director  
Eng. Anghel George Marinelo

Economic Director,  
Ec. Popescu Ileana

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



**UZTEL S.A.**

**OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS**

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

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

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**INTERIM FINANCIAL STATEMENTS AT THE DATE  
OF AND FOR 6 MONTH PERIOD ENDED AT JUNE  
30, 2021**

**Prepared in accordance with International Financial Reporting  
Standards adopted by the European Union**

**Interim financial statement is not audited**



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#### Interim statement of the individual financial position For Accounting Reporting on 30.06.2021

In LEI	Nota	<u>30-June 2021</u>	<u>31-December 2020</u>
<b>Long-term Assets</b>			
Tangible assets	9	36.422.898	37.576.783
Intangible assets	9	87.554	68.052
<b>Total long-term assets</b>		<b><u>36.510.452</u></b>	<b><u>37.644.835</u></b>
<b>Current assets</b>			
Stocks	10	38.146.034	34.758.639
Trade receivables and other receivables	4	6.085.592	5.245.588
Cash and cash equivalents	4	318.194	1.286.319
<b>Total current assets</b>		<b><u>44.549.820</u></b>	<b><u>41.290.546</u></b>
<b>Total Assets</b>		<b><u>81.060.272</u></b>	<b><u>78.935.381</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Equity	5	13.413.648	13.413.648
Adjustments of equity	5	3.453.860	3.453.860
Reserves	5	34.489.722	34.986.872
Result for the period	6	(4.222.259)	(11.615.826)
Result reported	8	(6.366.121)	(2.674.097)
<b>Total Capitals</b>		<b><u>44.958.023</u></b>	<b><u>49.180.283</u></b>
<b>Long term debts</b>			
Trade debts	4	1.175.452	1.049.405
Loans	4	1.718.650	1.970.135
Other debts	4	5.345.195	6.091.007
Provisions for disputes	8	225.017	225.017
<b>Total long-term debts</b>	4	<b><u>8.464.314</u></b>	<b><u>9.335.564</u></b>
<b>Current liabilities</b>			
Trade payables	4	9.930.129	6.747.158
Loans	4	8.090.408	8.269.583
Income in advance	4	3.812.400	245.186
Other liabilities	4	5.804.998	5.157.607
<b>Total current liabilities</b>		<b><u>27.637.935</u></b>	<b><u>20.419.534</u></b>
<b>Total liabilities</b>		<b><u>36.102.249</u></b>	<b><u>29.755.098</u></b>
<b>Total equity and liabilities</b>		<b><u>81.060.272</u></b>	<b><u>78.935.381</u></b>

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#### Interim statement of comprehensive income For Accounting Reporting on 30.06.2021

In LEI	Nota	<u>30-June 2021</u>	<u>30-June 2020</u>
Income	11	11.037.189	20.531.586
Income from operation subsidies	11	-	1.042.816
Other income	11	19.614	-
Other gains / (losses) -net	11	-	1.710
Income cost of inventories of finished goods and production in progress	11	3.713.194	(1.511.976)
Expenses with raw materials and consumables	11	(6.989.710)	(8.190.017)
Asset depreciation and amortization expense	11	(1.174.996)	(1.251.978)
Employee benefits expense	11	(8.355.027)	(12.153.814)
Expenditure on insurance contributions and social security	11	(286.006)	(399.588)
Expenses with external supply	11	(1.327.512)	(1.885.229)
Other expenses	11	(544.765)	(3.725.287)
<b>Operating profit</b>	11	<b><u>(3.908.019)</u></b>	<b><u>(7.541.777)</u></b>
Financial income	11	125.079	205.120
Financial expenses	11	439.319	644.619
<b>Financial costs - net</b>		<b><u>(314.240)</u></b>	<b><u>(439.499)</u></b>
<b>Profit / (loss) before taxation</b>	<b>6</b>	<b><u>(4.222.259)</u></b>	<b><u>(7.981.276)</u></b>
<b>Profit / (loss) of period - net</b>	<b>6</b>	<b><u>(4.222.259)</u></b>	<b><u>(7.981.276)</u></b>
<b>Total consolidated income for the period</b>		<b><u>(4.222.259)</u></b>	<b><u>(7.981.276)</u></b>
<b>Earnings per Share</b>	<b>6</b>	<b><u>(0,79)</u></b>	<b><u>(1,49)</u></b>
<b>Number of shares</b>	<b>6</b>	<b><u>5.365.459</u></b>	<b><u>5.365.459</u></b>

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### Interim Statement of Changes in Equity For Accounting Reporting on 30.06.2021

in LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
<b>Balance on January 01, 2021</b>		13.413.648	3.453.860	1.985.076	32.370.663	631.133	(2.674.097)	49.180.283
Reserve Reclassification From Revaluation At reported Result	5	-	-	-	-	-	497.149	497.149
Net Profit of period	6	-	-	-	-	-	(4.222.259)	(4.222.259)
Transfer between Equity accounts	5	-	-	-	(497.150)	-	-	(497.150)
<b>Balance on June 30, 2021</b>		13.413.648	3.453.860	1.985.076	31.873.513	631.133	(6.399.207)	44.958.023

In LEI	Note	Equity	Adjustment of equity	Legal reserve	Reserves from revaluation	Other reserves	Result reported	Total equity
<b>Balance at January 01, 2020</b>		13.413.648	3.453.860	1.985.076	34.439.105	631.133	9.398.635	63.321.457
Reserve Reclassification From Revaluation At reported Result	5	-	-	-	-	-	1.634.139	1.634.139
Net Profit of period	6	-	-	-	-	-	(7.981.276)	(7.981.276)
Transfer between Equity accounts	5	-	-	-	(1.634.140)	-	-	(1.634.140)
<b>Balance at June 30, 2020</b>		13.413.648	3.453.860	1.985.076	32.804.965	631.133	3.051.498	55.340.180



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### Continued Interim Statement of Changes in Equity

As a result of the application of IFRS from the financial year 2012, the financial statements have been restated, resulting in the application of IAS 29, an adjustment of the own funds inflation of ROL 3.453.860.

No deferred tax adjustments for revaluation reserves for the period 01.01.2021 - 30.06.2021 have been calculated.

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### Interim statement of cash flows For Accounting Reporting on 30.06.2021

In LEI	30-June 2021	30-June 2020
<b>Net profit for theyear</b>	<b>(4.222.259)</b>	<b>(7.981.276)</b>
Amortization/ depreciation oflong-term assets	1.174.996	1.251.978
Gain/loss onsale of fixed assets	18.332	593.922
Adjustment for depreciation of receivables - clients	469.022	1.546.766
Interest expenses	245.913	(422.593)
Interest income	767	1.341
Gain/loss from exchange rate differences	69.573	11.507
<b>Movements in working capital</b>	<b>1.978.603</b>	<b>2.982.921</b>
Increase /(decrease) in trade receivablesandother receivables	(836.868)	488.925
Increase /(decrease) in inventories	3.387.395	3.467.364
Increase /(decrease) in other current assets	(3.136)	(1.146)
Increase /(decrease) in trade payables	3.309.018	3.431.829
Increase /(decrease) in deferredrevenue	(3.567.889)	168.450
Increase /(decrease) other liabilities	(177.608)	(4.443.317)
<b>Cashusedinoperating activities</b>	<b>2.110.912</b>	<b>3.072.105</b>
Interest paid	(245.913)	(422.593)
<b>Cash generated from operating activities</b>	<b>(378.657)</b>	<b>(2.348.843)</b>
<b>Net cash from investing activities</b>	<b>(158.774)</b>	<b>(373.706)</b>
Cash payment for acquisition of land and assets	(158.774)	(373.706)
<b>Net cash from funding activity</b>	<b>(430.694)</b>	<b>1.458.926</b>
Cash repayments of borrowings	(502.969)	419.141
Cash collected from loans and credits	72.309	-
Receipts from subsidies for the payment of staff in technical unemployment	-	1.039.945
Dividends paid	(34)	(160)
<b>Increase / decrease in net cash and cash equivalents</b>	<b>(968.125)</b>	<b>(1.263.623)</b>
<b>Cash andcash equivalentsat beginning of period</b>	<b>1.286.319</b>	<b>1.971.117</b>
<b>Cash andcash equivalents atend of period</b>	<b>318.194</b>	<b>707.494</b>
<b>Increase/decrease innetcashand cash equivalents</b>	<b>(968.125)</b>	<b>(1.263.623)</b>

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## NOTES TO INTERM INDIVIDUAL FINANCIAL STATEMENTS at June 30 JUNE 2021

### 1. REPORTING ENTITY UZTEL S.A. (THE "COMPANY")

IAS 1.138 (a)-(b) UZTEL S.A. Ploiesti (the "Company") is a company based in Romania.

IAS 1.51 the financial statements have been prepared under IFRS for the year on 31.12.2019.

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

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

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

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

In 2004, the company was privatized in PSAL I, by transferring shares held by the Romanian state to private shareholders , namely the Authority for State Assets Recovery balance the shareholding in the Company, equivalent to 76,8745% of the share capital at that time, to the consortium formed by association "UZTEL" and company ARRAY PRODUCTS CO.LLC – SUA .

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

SC "UZTEL" S.A. Ploiesti was founded in 1904 having an experience of over 117 years in the main activity: designing, manufacturing, repairing, selling on domestic and international market parts, assemblies and oil equipment and manufacture forgings and molded 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 "UzinaTeleajen" and became a unit independent of the refinery sector.

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

The company was founded and registered in the Trade Registry Prahova on 02.15.1991, at no. J29 / 48/1991, with unique registration code RO 1352846 under the name S.C. UZTEL S.A. as a joint stock company, Romanian legal person with unlimited runtime in accordance with Law No.31 / 1990 - Companies Law.

Until 1990 it was called "Oil and Repair Equipment Company Teleajen" and then, based on Law No.15 / 1990, Law No.31 / 1990 H. G.no. 1213/1990 was reorganized as a company, registered with the name S.C. UZTEL S.A.



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

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

Decisions with immediate effect will generate visible 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 expenses are planned and regularly checked
- staff resizing according to functional categories and depending on workload;
- reducing costs that are not directly related to sales (guard services, telephony, transport, etc.)
- fully optimized operating cost structure, adapted to the new market– conditions that will sustain profitable growth in the future.

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

- redefining the range of products, focusing on products– and keeping only the most popular products with fast motion (for slow moving products are not considered stocks);
- implementation of training programs for the sales department employees-tender;
- full range of integrated products and services for its customers and to initiate a program of service for international clients through partners;
- 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.

The core of the current strategy consists in positioning the client in the center 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.



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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 1.112

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

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

IAS 1.16 The Company has prepared the 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 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.

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 30.06.2020 and confirms that they are in accordance with the applicable accounting regulations, and the company carries out its activity in conditions of continuity.



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#### *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.

#### *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 fulfillment 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 analyzed the forecasts regarding the future of the operational activity, highlighting, at least for the period 01.01.2021 - 30.06.2021, 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.

Based on the analyzes 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.

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. In addition, the oil industry is suffering from a supply surplus caused by a price war between the world's major producers Saudi Arabia and Russia.

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.

All these events (medical / sanitary crisis and oil crisis) affected the commercial and economic activity of the company:

- The turnover registered for the first semester of 2021 is diminished by approximately 46,24% compared to the same period of the previous year;
- 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 -sales of national and international companies. In this respect, the company has managed and will succeed in resizing its business according to the specific market conditions in which it operates, but with production and personnel costs, costs that have affected the results recorded in the first half of 2021.



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

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

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

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

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.



## UZTEL S.A.

### OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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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 provisions, impairment of receivables and inventories which have no effect on the estimated values of the individual financial statements.

#### **Distinction current / fixed assets and current/long term debt**

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

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

According to IAS 1.51 (d), (e) foreign currency transactions are expressed in RON by applying the exchange rate at the date of the transaction. Monetary assets and liabilities expressed in foreign currency at the end of the period are expressed in RON at the exchange rate from that date. Gains and losses on exchange differences, realized or unrealized, are recorded in the profit and loss account for the respective year, in accordance with IAS 21.

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

<u>Currency</u>	<u>30 June 2021</u>
1 Euro	4,9262 lei
1 dolar SUA	4,1357 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.



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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.

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, held to maturity financial assets, receivables and financial assets available for sale.

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

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

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

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

The Company does not own short term financial investment at 30.06.2021.

#### ***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, canceled or expires.

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

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



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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, favorable and unfavorable 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 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,



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2009 will not be taxed at the time of transfer to reserves representing surplus revaluation reserve, but when changing their destination

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

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

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

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

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

The company was founded in 1904 and became the joint stock company under Law no. 15/1990 regarding the reorganization of state economic units as autonomous kings and commercial companies and based on GD no. 1213/20 November 1990. During all this period the company had an uninterrupted production activity. The company UZTEL operates in a compact perimeter of approximately 20 ha in the peripheral industrial area of the city of Ploiesti, and the industrial buildings and halls they use within this perimeter are in a close 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 30.06.2021 technological equipment, measuring, control, and adjustment, transportation, furniture and office equipment with a net book value of 6.591.243 lei, with a life span between 2 - 22 years, used in industrial purpose, put into operation since 1970.

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



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The company chose through the accounting policies for the class of tangible assets - buildings to apply IAS 16.34 regarding the revaluation of the tangible assets once every 5 years.

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 2020	11.639.059,88	-	-
30 June 2021	10.948.248,27	-	-

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 - 2020 by 17.366.199,74 lei and in the period January - June 2021 by 690.811,61 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 2020	7.027.946,30	-	-
30 June 2021	6.591.243,27	-	-

The total net book value of the technological equipment, technical installations, cars, furniture and office equipment decreased on account of the depreciation between December 31, 2007 - June 30, 2021 by 8.369.430,42 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:



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	<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 30.06.2021 the Company does not hold assets bought by leasing.

#### **j. Intangible**

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

In accordance with IAS 38, intangible assets are presented in the statement of financial position at cost less any accumulated amortization and any accumulated impairment losses.. Depreciation is recognized in profit or loss on a straight-line method basis during the estimated useful lives of the intangible asset. Expenditure related to the acquisition of software licenses is capitalized based on the



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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, labor 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.



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#### *n. Provisions*

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

Provisions are reviewed at each reporting date and adjusted annual financial statements to reflect the current best estimate of the Company's management in this regard. Where to settle an obligation is no longer probable that an outflow of resources, provision is canceled 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).



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

Income tax rate used to calculate the current and deferred income tax at June 30, 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.

#### *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)*

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),
- 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),



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- *Amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors* - Definition of materiality - applicable for annual periods starting on or after January 1, 2020,
- *Amendments to IAS 19 Employee benefits* - Modification, reduction or settlement of the plan - applicable for annual periods beginning with or after January 1, 2019,
- *Amendments to IAS 28 Investments in associates and joint ventures* - Long-term interests in associates and joint ventures - applicable for annual periods beginning on or after January 1, 2019,
- *Amendments to IFRS 9 Financial Instruments - Prepayment Features through Negative Compensation* - adopted by the EU on March 22, 2018 - applicable for annual periods beginning on or after January 1, 2019,
- *Amendments to various standards due to IFRS Improvements (2015-2017 cycle) resulting from the annual IFRS Improvement 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,
- *Amendments to the References to the Conceptual Framework of IFRS Standards* - applicable for annual periods beginning on or after January 1, 2020,
- *IFRIC 23 Uncertainty regarding the treatments applied for the income tax* - adopted by the EU on October 23, 2018 (applicable for annual periods starting on or after January 1, 2019).

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

#### **Initial application of the new amendments to the existing standards in force for the current reporting period**

In force, for the current reporting period were the following amendments to the existing standards and new interpretations issued by the International Accounting Standards Board (IAS) and adopted by the EU:

- IFRS 9 Financial Instruments - adopted by the EU on November 22, 2016 - applicable for annual periods beginning on or after January 1, 2018,
- IFRS 15 Revenue from contracts with clients and amendments from IFRS 15 - adopted by the EU on September 22, 2016 - applicable for annual periods beginning with or after January 1, 2018,
- Amendments to IFRS 2 Share-based payment - Classification and evaluation of share-based payment transactions - adopted by the EU on February 27, 2018 - applicable for annual periods beginning on or after January 1, 2018,
- Amendments to IFRS 4 Insurance contracts - application of IFRS 9 Financial instruments together with IFRS 4 Insurance contracts - adopted by the EU on November 3, 2017 - applicable for annual periods beginning with or after January 1, 2018 or for the first time application of IFRS 9 Financial instruments,



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- Amendments to IFRS 15 Income from customer contracts - Clarifications to IFRS 15 - adopted by the EU on October 31, 2017 - applicable for annual periods beginning on or after January 1, 2018,
- Amendments to IAS 40 Real Estate Investments - Real Estate Investment Transfers - adopted by the EU on March 14, 2018 - applicable for annual periods beginning on or after January 1, 2018,
- Amendments to IFRS 1 and IAS 28 due to IFRS Improvements (2014 - 2016 cycle) resulting from the annual IFRS Improvement Project (IFRS 1, IFRS 12 and IAS 28) with the main purpose of eliminating inconsistencies.

#### *Reconciliation between IFRS and accounting policies related to previous financial years*

On 31.12.2012, Uztel SA carried out the reconciliation between IFRS and the local accounting policies applicable to the 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 stipulated 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 prepared financial statements in accordance with IFRS, adopted by the EU, applicable for the financial years ended on 31.12.2012, as well as the comparative data at the end of 2011, respectively 31.12.2011. For the preparation of these financial statements was prepared the situation of opening the financial position on January 1, 2011, the date of transition.

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

#### *Reconciliation between IFRS and accounting policies related to 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 prepared financial statements in accordance with IFRS, adopted by the EU, applicable for the financial years ended on 31.12.2012, as well as the comparative data at the end of 2011, respectively 31.12.2011. For the preparation of these financial statements, the opening position of the financial position was prepared on January 1, 2011, the transition date.

No reconciliation of the comprehensive income under IFRS 1 was performed with the overall result determined by OMFP 3055/2009, 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.

#### **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



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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.

#### 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



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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 the first half of 2021 (January - June) 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>30 June 2021</u> (lei)	<u>Accounting reporting at</u> <u>30 June 2020</u> (lei)
Receivables	6.085.592	8.928.944

For other operations, where the amounts are significant, references to the creditworthiness references are normally obtained for all new customers, debt maturity date is carefully monitored and amounts due after exceeding the time limit shall be pursued promptly.

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 loans;



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- 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

On June 30,2021 the company's trade receivables situation is as follows:

Receivables at 30.06.2021			lei
RECEIVABLES	Balance at 30.06.2021	Maturity	
		less 1 year	Over 1 year
0	1 = 2 + 3	2	3
<b>Total, of which:</b>	<b>6.078.807</b>	<b>5.925.043</b>	<b>153.764</b>
Domestic Client	<b>2.377.861</b>	2.377.861	-
External Client	<b>1.287.192</b>	1.287.192	-
Doubtful client, litigation	<b>615.229</b>	0	615.229
Exigible VAT	<b>401.420</b>	401.420	-
Salary advance	<b>21.950</b>	21.950	-
Suppliers borrowers	<b>376.914</b>	376.914	-
Debtors	<b>1.138.124</b>	1.138.124	-
Other social debts- sick leaves	<b>217.288</b>	217.288	-
Other receivables(VATnot due, accrued expensesand settlement systems inoperation duringclarification)	<b>104.294</b>	104.294	-
Adjustments for impairment of client receivables	<b>469.022</b>	-	469.022
Receivables on current income tax	<b>7.557</b>	-	7.557

Claims are recorded at face value and are evidenced on each natural or legal person. The receivables in foreign currency were evaluated on the basis of the exchange rate valid at the end of the financial year, and the differences in the exchange rate were recognized as income or expenses of the period.



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

lei

Trade receivables and other receivables	balance at	from which overdue		
	30.06.2021	31-90 days	91-120 days	> 120 days
1. Internal clients	2.377.861,00	182.662,83	277.021,26	320.701,28
2. External clients	1.287.192,00	-	-	399.880,57
3. Internal doubtful clients	615.229,00	-	-	615.229,00
4. Adjustment for depreciation	(469.022,00)	-	-	-
5. Debtor Suppliers	376.914,00	-	-	376.914,00
<b>Net receivables</b>	<b>4.188.174,00</b>	<b>182.662,83</b>	<b>277.021,26</b>	<b>1.712.724,85</b>

In accordance with the provisions of IFRS 7.37 (b), the company presents an individual analysis of the commercial receivables found to be impaired at the end of the reporting period (30.06.2021), including the factors that determined their impairment, as follows:

- Debt clients who have entered the bankruptcy procedure or in the reorganization procedure according to Law no. 85/2014, which has major financial difficulties related to non-payment of receivables, namely:

- **ARMAX GAZ MEDIAS** debit registered at the creditor's table in the amount of 12.126,11 lei;
- **ARPEGA TRADING SRL BLEJOI** for the outstanding debit amounting to 444.504,74 lei (including contractual penalties) the legal recovery procedure was started.
- **BAT SERVICE SA BUZAU** debit registered at the debtor's credit card amounting to 5.138,37 lei;
- **CONDMAG SA BRASOV** debit registered at the debtor's credit card amounting to 564,20 lei;
- **FEPA SA BARLAD** debit registered at the debtor's credit card amounting to 14.395,50 lei;
- **GRUP ROMET SA BUZAU** debit registered at the debtor's credit card amounting to 909,87 lei;
- **HIDRAULIC SA MOINESTI** debit registered at the debtor's credit card amounting to 17.603,42 lei (including contractual penalties);
- **MARIAN TRANS CONSTRUCT SRL CHIOJDU** debit registered at the debtor's credit card amounting to 446,40 lei;
- **METAL PROIECT PROSPER** debit registered at the debtor's credit card amounting to 20.871,00 lei;
- **UBEMAR SA PLOIESTI** debit in execution by judicial executor in the amount of 25.112,69 lei;
- **VIPREC COM SRL BAIA MARE** debit registered at the creditor's table in the amount of 20.360,80 lei;

#### Trade and other debts

As of June 30, 2021, the company's debts are as follows:



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Debt situation on 30.06.2021					lei
DEBTS	Balance at 30.06.2021	maturity			
		Less 1 year	1-5 years	Over 5 years	
0	1 = 2 + 3 + 4	2	3	4	
<b>Total, of which:</b>	<b>36.102.249</b>	<b>27.637.935</b>	<b>8.464.314</b>	-	
Amounts owed to credit institutions	<b>9.809.058</b>	8.090.408	1.718.650	-	
Advances received on account of orders	<b>3.812.400</b>	3.812.400	-	-	
Trade debts - suppliers	<b>11.105.581</b>	9.930.129	1.175.452	-	
Other liabilities, including tax liabilities and social security liabilities	<b>11.150.193</b>	5.804.998	5.345.195	-	
Provisions and income recorded in advance	<b>225.017</b>	-	225.017	-	

The amount in the amount of 11.150.193 lei registered in the account "Other debts, including fiscal debts and debts regarding social insurances" refers to:

- the amounts from account 462 (various creditors - rescheduling agreements) = 755.013 lei;
- account 457 dividends = 1.569.749 lei, of which rescheduling agreements 1.007.874 lei;
- current budget debts = 2.776.250 lei;
- current salary debts = 703.985 lei;
- staggered fiscal debts according to the Decision for rescheduling the payment of fiscal obligations no.294 / 22.01.2021, in the amount of 5.345.195 lei.

lei

Trade receivables and other receivables	balance at	from which overdue		
	30.06.2021	31-90 zile	91-120 zile	> 120 zile
1. Internal clients	9.390.374,24	2.515.015,17	672.949,45	1.765.134,05
2. External clients	1.715.206,80	151.753,69	17.673,43	1.207.148,58
3. Debtor customers	3.810.575,01	-	-	-
<b>Net receivables</b>	<b>14.916.156,05</b>	<b>2.666.768,86</b>	<b>690.622,55</b>	<b>2.972.282,63</b>

#### Guarantee of banks loans:

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 MirvaRevalcon Invest SRL Ploiesti, authorized appraiser, accredited member of ANEVAR, the market value of the mortgaged real estate being 32.673.140 lei.



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For these mortgaged real estate, was paid the insurance policy no. 2589664 / 27.05.2021, 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:

- land located in Ploiesti, str. Mihai Bravu, no. 243, Prahova county, with an area of 10,451 sqm, having cadastral number 125199, registered in the Land Book no. 125 199;
- land located in Ploiesti, str. Mihai Bravu, no. 243, Prahova county, with an area of 8,131 sqm, having cadastral number 125189, registered in the Land Book no. 125 189.

This supplementation of the guarantees granted to the bank arose from the increase of the working capital limit granted to the company by the Additional Act no. 1 / 27.06.2019 to the contract no. 7993/5 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(ROBOR).

	<u>Accounting reporting at</u> <u>30 June 2021</u>	<u>Accounting reporting at</u> <u>30 June 2020</u>
Interest paid	(lei) 245.913	(lei) 422.593

#### Liquidity

*risk*

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

	<u>Accounting reporting at</u> <u>30 June 2021</u>	<u>Accounting reporting at</u> <u>30 June 2020</u>
Cash and availability on demand	(lei) 318.194	(lei) 707.494

#### Currency risk

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

	<u>Accounting reporting at</u> <u>30 June 2021</u>	<u>Accounting reporting at</u> <u>30 June 2020</u>
Net result of exchange rate differences	(lei) (69.602)	(lei) (30.190)



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#### *Market risk*

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, as consumer preferences and orientations (internal and external customers), the dramatic reduction of the oil price and investment budgets of the big oil companies and the size of the competitors' offer are unpredictable. As a result, the company is currently facing instability (decrease) in the demand for oil equipment, sales and oil barrel prices, which generated a reduction in turnover and, implicitly, of the volume of sales on the domestic and international market and consequently a decrease of the cash flows generated by the operating activity.

#### **5. EQUITY**

##### *Share capital*

The share capital of SC UZTEL S.A. at June 30, 2021, worth 13.413.648 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.24656 of 28.07.2021, the situation of shareholders on 30.06.2021 is:

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

All shares are common, were subscribed and paid in full on June 30,2021

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.

At June 30, 2021 the Company establishes legal reserve amounting to 1.985.076 lei.

	<u>Accounting reporting at</u> <u>30 June 2021</u>	<u>Accounting reporting at</u> <u>30 June 2020</u>
	(lei)	(lei)
Legal reserves	1.985.076	1.985.076

On June 30 2021, the Company did not establish the legal reserve.



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#### Alte rezerve

	<u>Accounting reporting at</u> <u>30 June 2021</u>	<u>Accounting reporting at</u> <u>30 June 2020</u>
	(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.

#### Reevaluation reserve

The revaluation reserve is the amount of 31.873.513 lei at June 30 , 2021 and includes revaluation reserves obtained after revaluation carried out by independent evaluators upon:

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

	<u>Accounting reporting at</u> <u>30 June 2021</u>	<u>Accounting reporting at</u> <u>30 June 2020</u>
	(lei)	(lei)
Reserves from revaluation	31.873.513	32.804.965

The revaluation reserve decreased during the period January - June 2021 worth 497.150 lei by:

- capitalization of the revaluation surplus for scrapped and sold fixed assets (revaluation reserve value of 63.238 lei);
- reserves highlighted in the fiscal register for the first semester of 2021, amounting to 433.912 lei.

## 6. RESULT FOR THE PERIOD

### *Result for the period*

At the end of period of January- June 2021 the Company recorded the following results:

- **The result from the operational activity (operation)** registered an improvement on 30.06.2021 compared to 30.06.2020, ie in nominal values from -7.541.777 lei to 30.06.2020 to -3.908.019 lei on 30.06.2021.
- **The financial result** registered an improvement on 30.06.2021 compared to 30.06.2020, ie in nominal values from -439.499 lei on 30.06.2020 to -314.240 lei on 30.06.2021.



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- **The gross / net result of the period** registered an improvement on 30.06.2021 compared to 30.06.2020, ie in nominal values from -7.981.276 lei to 30.06.2020 to -4.222.259 lei on 30.06.2021

The turnover registered in the first half of 2021 a percentage decrease by 46,24% compared to the same period of the previous year (first half of 2020), namely from 20.531.586lei at 30.06.2020 to 11.037.189 lei at 30.06.2021.

Operating expenses registered in the first half of 2021 a percentage decrease by 32,34% compared to the same period of the previous year (first half of 2020), namely from 27.604.203 lei at 30.06.2020 to 18.678.016 lei at 30.06.2021.

	<u>Accounting reporting at</u> <u>30 June 2021</u> (lei)	<u>Accounting reporting at</u> <u>30 June 2020</u> (lei)
Net result -profit /loss	(4.222.259)	(7.981.276)

#### **Dividends**

Between January 1 and June 30, 2021, the Company made payments amounting to 33,60 lei, representing net dividends due to shareholders for the years 2003, 2005, 2006, 2007 and 2008, as follows:

	(lei)
1 <sup>st</sup> semester – 2021	33,60

#### **7. PROFIT TAX**

	<u>Accounting reporting at</u> <u>30.06.2021</u> (lei)	<u>Accounting reporting at</u> <u>30.06.2020</u> (lei)
Gross book value	(4.222.259)	(7.981.276,24)
Non-taxable Income	-	(1.710)
Items assimilated to revenue	63.237,83	1.047.701
Non-deductible expenses	849.917,68	1.443.729,98
Established legal reserve	-	-
Tax Profit / (Fiscal Loss)	(3.309.103,49)	(5.491.555,37)
Fiscal loss from previous years recorded in statement 101	(18.952.400)	(11.443.861,78)
Registered Fiscal Loss	(22.261.503,49)	(16.925.417,15)
Profit tax on result	-	-
Profit tax due	-	-
Net profit / (Net loss)	(4.222.259)	(7.981.276,24)

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.



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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.

#### 8. PROVISIONS

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

	<u>Accounting reporting</u> <u>30 June 2021</u> (lei)	<u>Accounting reporting</u> <u>30 June 2020</u> (lei)
Provisions for disputes	225.017	227.296
Provisions for guarantees to clients	-	12.301
<b>Total Provisions</b>	<b>225.017</b>	<b>239.597</b>

#### 9. 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 2020	16.537.802	32.061.724	36.218.540	166.042	2.546.484	161.791	87.692.383
Increases	-	-	68.004	-	68.004	-	136.008
Outputs	194.871	1.066.065	-	-	68.004	18.308	1.347.248
<b>Balance at 30 June 2020</b>	<b>16.342.931</b>	<b>30.995.659</b>	<b>36.286.544</b>	<b>166.042</b>	<b>2.546.484</b>	<b>143.483</b>	<b>86.481.143</b>
<b>Continued fixed assets</b>							
<b>Cumulative depreciation</b>							
Balance at 01 January 2020	-	18.387.041	28.316.670	108.837	-	-	46.812.548
Depreciation of period	-	695.808	510.083	3.589	.	.	1.209.480
Outputs depreciation	-	417.452	-	-	-	-	417.452
<b>Balance at 30 June 2020</b>	<b>-</b>	<b>18.665.397</b>	<b>28.826.753</b>	<b>112.426</b>	<b>-</b>	<b>-</b>	<b>47.604.576</b>
<b>Adjustments</b>							
Balance la 01 January 2020	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-



## UZTEL S.A.

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Balance la 30 June 2020	-	-	-	-	-	-	-
<b>Net book value</b>							
<b>Balance at 01 January 2020</b>	<b>16.537.802</b>	<b>13.674.683</b>	<b>7.901.870</b>	<b>57.205</b>	<b>2.546.484</b>	<b>161.791</b>	<b>40.879.835</b>
<b>Balance at 30 June 2020</b>	<b>16.342.931</b>	<b>12.330.262</b>	<b>7.459.791</b>	<b>53.616</b>	<b>2.546.484</b>	<b>143.483</b>	<b>38.876.567</b>
	<b>lands</b>	<b>Buildings and constructions</b>	<b>Machines and equipments</b>	<b>Other tangible assets</b>	<b>Tangible assets in progress</b>	<b>Advances for intangible assets</b>	<b>Total</b>
<b>Cost</b>	<b>Lei</b>	<b>Lei</b>	<b>Lei</b>	<b>Lei</b>	<b>Lei</b>	<b>Lei</b>	<b>Lei</b>
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	-	-	29.071	-	2.700	-	31.771
Outputs	-	-	274.900	-	29,071	-	303,971
Balance at 30 June 2021	16.342.931	30.995.658	36.040.715	166.042	2.520.113	20.363	86.085.822
<b>Accrued depreciation</b>							
Balance at 01 January 2021	-	19.356.599	29.308.625	116.015	-	-	48.781.239
Depreciation of period	-	690.811	437.385	3.589	-	-	1.131.785
Outouts depreciation	-	-	250.100	-	-	-	250.100
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>20.047.410</b>	<b>29.495.910</b>	<b>119.604</b>	<b>-</b>	<b>-</b>	<b>49.662.924</b>
<b>Continued fixed assets</b>							
<b>Adjustments</b>							
<b>Balance at 01 January 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>							
<b>Balance at 01 January 2021</b>	<b>16.342.931</b>	<b>11.639.059</b>	<b>6.977.919</b>	<b>50.027</b>	<b>2.546.484</b>	<b>20.363</b>	<b>37.576.783</b>
<b>Balance at 30 June 2021</b>	<b>16.342.931</b>	<b>10.948.248</b>	<b>6.544.805</b>	<b>46.438</b>	<b>2.520.113</b>	<b>20.363</b>	<b>36.422.898</b>



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In the period January 1 - June 30, 2021, the total value of the increases registered in the accounting records for the class “Machines and equipment” was of 29.071 lei representing:

- Laptop MW-B15101 MYWAY B15, worth 2.700 lei;
- Modernization of overhead cranes by installing radio controls, worth 26.371 lei.

*The tangible fixed assets in progress* registered in the period January 1 - June 30, 2021 an increase in value of 2.700 lei, representing Laptop MW-B15101 MYWAY B15.

Between January 1st and June 30th, 2021, the total value of the decreases registered in the accounting records for the class “Machines and equipment” was of 274.900 lei, representing the removal of scrapped fixed assets.

*The tangible fixed assets in progress* registered in the period January 1 - June 30, 2021 a decrease in the amount of 29.071 lei, representing:

- Laptop MW-B15101 MYWAY B15, worth 2.700 lei;
- Modernization of overhead cranes by installing radio controls, worth 26.371 lei.

#### - Intangible assets

	Development expenditures	Other intangible assets	Intangible assets in progress	Total
Cost	Lei	Lei	Lei	Lei
Balance at 01 January 2019	184.020	701.192	-	885.212
Input	2.871	61.933	-	64.804
Outputs	-	-	-	-
Balance at 30 June 2020	186.891	763.125	-	950.016
<b>Accrued amortization</b>				
Balance at 01 January 2020	117.582	687.515	-	805.097
<b>Continued intangible assets</b>				
Depreciation of period period	3.818	38.680	-	42.498
Outputs depreciation	-	-	-	-
Balance at 30 June 2020	121.400	726.195	-	847.595
<b>Net book value</b>				
Balance at 01 January 2020	66.438	13.677	-	80.115
Balance at 30 June 2020	65.491	36.930	-	102.421
	Development expenses	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	-	62.713	-	62.713



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Outputs	-	-	-	-
Balance at 30 June 2021	186.892	839.821	-	1.026.713
<b>Accrued depreciation</b>				
Balance at 01 January 2021	131.656	764.292	-	895.948
Depreciation of period	9.764	33.447	-	43.211
Outputs depreciation	-	-	-	-
Balance at 30 June 2021	141.420	797.739	-	939.159
<b>Net book value</b>				
Balance at 01 January 2021	55.236	12.816	-	68.052
Balance at 30 June 2021	45.472	42.082	-	87.554

Between January 1 and June 30, 2021, the company acquired intangible assets worth 62.713 lei, representing:

- Laptop license T5D-03308 Office home and business 2019 - English eurozone medailess, worth 1.090 lei;
- Technical support for the SIVCO integrated program, amounting to 56.053 lei;
- ESET Endpoint antivirus license, worth 5.570 lei.

## 10. INVENTORY

By comparison, the stocks are presented as follows:

<b>In LEI</b>	<b><u>30 June 2021</u></b>	<b><u>31 December 2020</u></b>
Raw material	1.163.542	1.179.516
Additional material	480.596	512.541
Fuels	19.555	24.131
Packaging materials	1.395	1.442
Spare parts	3.312.173	2.989.666
Other consumables	174.611	176.742
Inventory items	304.372	318.074
Products in progress	9.325.479	7.427.446
Semi- manufactured	3.626.671	3.281.452
Finished product	7.685.403	7.008.299
Difference of price of finished products	11.782.323	11.653.447
Packing	3.479	3.589



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Residual products	8.760	8.990
<b>Total</b>	<b>37.888.359</b>	<b>34.585.335</b>
Advances to purchases assets such as stocks	257.675	173.304
<b>Total General Inventory</b>	<b>38.146.034</b>	<b>34.758.639</b>

#### 11. SHARE OF THE INCOME FROM THE COMPANY'S BASIC ACTIVITY:

Turnover for the period 01.01.2021 – 30.06.2021 is bellow:

Accounting reporting at 30.06.2021	Value (lei )	Share in total income (%)	Share in turnover (%)
Income from the sale of finished products - internal	6.795.336	45,62	61,57
Income from the sale of finished products - external	4.152.803	27,88	37,63
Income from services rendered - Laboratory	2.490	0,02	0,02
Income from rendered services – internal transport	601	0,00	0,01
Income from rendered services – external transport	69.513	0,47	0,63
Income from rental of oilfield equipment and installation	11.821	0,08	0,11
Income from sale of goods	4.444	0,03	0,04
Income from various activities –internal	181	0.00	0.00
<b>Turnover - Total</b>	<b>11.037.189</b>	<b>74,10</b>	<b>100,00</b>

Turnover for the period 01.01.2020 – 30.06.2020 is as follows:

Accounting reporting at 30.06.2020	Value (lei )	Share in total income (%)	Share in turnover (%)
Income from the sale of finished products - internal	14.057.739	78,12	68,47
Income from the sale of finished products - external	6.419.827	35,68	31,27
Income from rendered services - internal transport	12.136	0,07	0,06
Income from rendered services – goods insurance	6.637	0,04	0,03
Income from rendered services – external transport	34.943	0,19	0,17
Income from sale of goods	20.636	0,11	0,10
Income from various activities - Domestic	70.238	0,39	0,34
Trade discounts granted	(90.570)	(0,50)	(0,44)
<b>Turnover - Total</b>	<b>20.531.586</b>	<b>114,10</b>	<b>100,00</b>



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<b>INCOME FROM OPERATION</b>	<b><u>6 months</u> <u>2021</u> <u>lei</u></b>	<b><u>6 months</u> <u>2020</u> <u>lei</u></b>
<b>Total operating income, of which:</b>	<b>14.769.997</b>	<b>20.062.426</b>
Turnover	11.037.189	20.531.586
Income related to the cost of finished product stocks and production in progress	3.713.194	(1.511.976)
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	19.614	-
<b>CHELTUIELI DIN EXPLOATARE</b>	<b><u>6 months</u> <u>2021</u> <u>lei</u></b>	<b><u>6 months</u> <u>2020</u> <u>lei</u></b>
<b>Total operating expenses, of which:</b>	<b>18.678.016</b>	<b>27.604.203</b>
Expenditure on raw materials and consumables	5.658.688	6.158.979
Other material expenses	143.909	327.992
Other external costs	1.186.930	1.721.614
Goods Expenses	183	17.068
Trade discounts received	-	35.636
Staff cost	8.641.033	12.553.402
Value adjustments on intangible assets, tangible assets, real estate investments and biological assets at cost	1.174.996	1.251.978
Other operating expense	1.872.277	5.610.516
Adjustments for provisions	-	(1.710)
<b>FINANCIAL REVENUE</b>	<b><u>6 months</u> <u>2021</u> <u>lei</u></b>	<b><u>6 months</u> <u>2020</u> <u>lei</u></b>
<b>Total financial revenue, of which:</b>	<b>125.079</b>	<b>205.120</b>
Income from exchange rate fluctuations	123.804	191.836
Interest income	767	1.341
Other financial income	-	11.943
<b>FINANCIAL EXPENSES</b>	<b><u>6 months</u> <u>2021</u> <u>lei</u></b>	<b><u>6 months</u> <u>2020</u> <u>lei</u></b>
<b>Total financial expenses, of which:</b>	<b>439.319</b>	<b>644.619</b>
Interest expenses	245.913	422.593
Other expenses	193.406	222.026



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## CASH FROM OPERATION

In LEI	30-June 2021	30-June 2020
<b>Net result of period</b>	<b>(4.222.259)</b>	<b>(7.981.276)</b>
Depreciation / depreciation of long-term assets	1.174.996	1.251.978
Gain / (loss) on the sale of fixed assets	18.332	593.922
Adjustments for impairment of receivables - clients	469.022	1.546.766
Interest Expenses	245.913	(422.593)
Interest Income	767	1.341
Gain / (loss) of course differences	69.573	11.507
<b>Movements in working capital</b>	<b>1.978.603</b>	<b>2.982.921</b>
Increase / (decrease) of trade receivables and other receivables	(836.868)	488.925
Increase / (decrease) of inventory	3.387.395	3.467.364
Increase / (decrease) in other current assets	(3.136)	(1.146)
Increase / (Decrease) Commercial Debt	3.309.018	3.431.829
Increase / (Decrease) Revenue Received in Advance	(3.567.889)	168.450
Increase / (Decrease) of other debts	(177.608)	(4.443.317)
<b>Cash used for operation</b>	<b>2.110.912</b>	<b>3.072.105</b>
Interest paid	(245.913)	(422.593)
<b>Cash generated from exploitation activities</b>	<b>(378.657)</b>	<b>(2.348.843)</b>

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

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

Segments identified are



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- 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 for the period 01.01.2021 – 30.06.2021 is as follows:**

Report on operating segment at  30 June 2021	Value  ( lei )	Share of total income %
Income from the sale offinished products-internal	6.795.336	45,62
Income from the sale offinished products- external	4.152.803	27,88
Income from finished products and products in progress	3.713.194	24,93
Income from services rendered	72.785	0,49
Income from rental of oilfield equipment and installation	11.821	0,08
Income from sale of goods	4.444	0,03
Other operation income	19.614	0,13
<b>Total</b>	<b>14.769.997</b>	<b>99,16</b>

For the trade segment the turnover is totaling :	4.444
For the segment of services , turnover amounts to :	84.606
For the production segment the turnover is totaling :	10.948.139

Reporting by operational segments for the period  30 June 2020	Valoare (lei )	Pondereea in venituritotale %
Income from the sale offinished products-internal	13.967.169	68,91
Income from the sale offinished products- external	6.419.827	31,68
Income from finished products and products in progress	(1.511.976)	(7,46)
Income from services rendered	123.954	0,61
Income from operation subsidies for payment of personnel underv technical unemployment	1.039.945	5,13
Income from sale of goods	20.636	0,10
Other operation income	2.871	0,01
<b>Total</b>	<b>20.062.426</b>	<b>98,99</b>



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For the trade segment the turnover is totaling :	20.636
For the segment of services , turnover amounts to :	123.954
For the production segment the turnover is totaling :	20.386.996

### 13. TRANSACTIONS WITH AFFILIATED PARTIES

IAS24 "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).

#### Transactions with affiliated parties are:

A) Sales of finished products and services

<u>Entity name</u>	<u>6 months 2021</u> <u>lei</u>	<u>6 months 2020</u> <u>lei</u>
Axon SRL Ploiesti	773,32	36.028,80

B) Acquisition of goods and services

<u>Entity name</u>	<u>6 months 2021</u> <u>lei</u>	<u>6 months 2020</u> <u>lei</u>
Axon SRL Ploiesti	296.797,72	217.574,82
Hany Industry SRL Ploiesti	548.265,08	381.541,43
Platus Com SRL Campina	11.879,55	11.463,00
Titancore SRL Ploiesti	131.796,05	77.056,68

<u>Entity name</u>	<u>6 months 2021</u> <u>usd</u>	<u>6 months 2020</u> <u>usd</u>
Shabum International LTD Tel Aviv	1.319,10	6.383,10

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

The legal entities whose transactions were mentioned above do not fall under the provisions of art. 92<sup>3</sup> paragraph (3) 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 30.06.2019, by the legal entities in their capacity as members of the Uztel Association, as follows:



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<u>Legal entity name</u>	<u>% money fund owned in Asociația UZTEL</u>
Axon SRL Ploiesti	0,7380
Comis SRL Valeni de Munte	8,2977
Electro Service Onel& Co SNC Ploiesti	8,4355
Iulnicomnic SRL Ploiesti	1,8897
Passion SRL Ploiesti	0,3982
Platus Com SRL Campina	0,6090
Titancore SRL Ploiesti	4,2191
RikoraFlm SRL Focsani (Vaspel SRL Focsani )	0,5087
<u>DenumireEntitateJuridica</u>	
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) .

	<u>6 months 2021</u>	<u>6 months 2020</u>
Gross salary	1.436.012 lei	1.729.620lei

#### 14. OTHER INFORMATION

##### *(1) Fees of auditors*

For the period January 1 – June 30 2021 the Company expensed on fee paid to auditors worth 259.475,47 lei VAT excluded, consisting of:

##### a) Financial Audit

	lei
- Ecoteh Expert SRL Bucuresti Romania – statutory auditor	12.292,50
- Fin Consult Audit SRL Ploiesti – internal	22.000,00

##### b) Audits for certification of quality management systems and products ( license)

	lei
- Certification CenterContstand	170.000,71
- Pavel VS Stefan Onesti	1.800,00
- American Petroleum Inst. Washington	49.697,50
- Techstreet-Clarivate Analytics LLC Canada	3.684,76



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#### *(2) Expenses with wages for personnel*

	<u>Accounting Reporting at</u> <u>30 June 2021</u> (lei)	<u>Accounting Reporting at</u> <u>30 June 2020</u> (lei)
Expenses with wages for personnel	8.355.027	12.153.814

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

Average number of employees in the period January - June 2021 , compared to the same period of the previous year, developed as follows:

	<u>Accounting Reporting</u> <u>at 30 June 2021</u>	<u>Accounting Reporting</u> <u>at 30 June 2020</u>
Average number of employees (persons)	292	326

#### *(3) Financial guarantees granted / received by the company*

##### **Financial guarantees granted**

Uztel SA Ploiesti did not grant and did not receive between January and June 2021 guarantees of good execution from customers for the executed products or services provided.

##### **Financial guarantees received**

Uztel SA Ploiesti did not request and did not benefit in the period January - June 2021 from guarantees of good execution from the suppliers for repair works.

#### *(4) Insurance policies held by the company*

The company holds on June 30, 2021 the OMNIASIG insurance policy series F no.2589664 for a period of 12 months, valid from 27.05.2021 to 26.05.2022, representing fire insurance and other risks for a declared value of 27.993.950 lei of a number of 26 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.

#### *(5) 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, valid until 02.10.2024 for the production of assemblies, subassemblies, oil machinery and installations and industrial service, recovery of



## UZTEL S.A.

### OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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recyclable industrial waste, water collection, treatment and distribution, painting workshop.

- Water management authorization no. 109 from 14.06.2019 valid until 15.06.2022;
- Certificate of registration in the register of authorized economic operators that carry out waste recovery operations no. 0325 issued by the Ministry of Economy - Industrial Policies and Competitiveness Directorate, with no. registration 150256 / 24.02.2020, valid until 31.03.2021.

Uztel S.A. constantly and sustainably pays special attention to the protection of the environment, taking into account in particular:

- compliance with the legislation in force regarding environmental protection;
- saving natural resources
- identifying potential risks, anticipating the consequences and taking them into account;

Uztel SA has implemented the Environmental Management System according to the ISO 14001-2015 standard. The activities regulated by this system are maintained and continuously improved, being systematically supervised by internal audit, but also by the certification authority.

Environmental factors (drinking water, wastewater, air emissions, air emissions, noise, 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 imposed limits.

Dangerous chemicals and preparations have been purchased, stored, handled and used in accordance with applicable law, according to safety data sheets.

#### *(6) 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 01.01.2021 – 30.06.2021 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 (labor disputes) with former employees.

Debt recovery /claims	2 files
Enforcement	10 files
Insolvency proceedings	15 files
Labor Disputes (labor groups, special conditions, claims, dismissal appeal)	65 files

The Company regularly monitors trade receivables outstanding and apply best estimates in recording and accounting for them

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

#### *Labor Framework*

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

Currently, international financial markets are feeling the global financial crisis triggered in 2015, 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.

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.

## **16. 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 fulfillment 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.



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#### 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- 30.06.2021		
SURNAME, GIVEN NAME	POSITION	PERIOD
HagiuNeculai	CEO	01.01.2021-30.06.2021
Popescu Ileana	Member of Board of Directors	01.01.2021-30.06.2021
Serbaniuc Tudor	Member of Board of Directors	01.01.2021-30.06.2021
Stan VasileArmis	Member of Board of Directors	01.01.2021-30.06.2021
Grigore Victor	Member of Board of Directors	01.01.2021-30.06.2021

For the period 01.01.2021 - 30.06.2021 the total remuneration of the Board of Directors of the Company represented 1,62 % of the salary fund

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

PERIOD 01.01.2021 - 30.06.2021			
SURNAME,GIVEN NAME	POSITION	PERIOD	DECISION/DATE OF ISSUE
Anghel George Marinelo	General Director	01.01.2021-30.06.2021	C.M 02 / 09.01.2020
Popescu Ileana	Economic Director	01.01.2021-30.06.2021	C.M 2 / 14.05.2017
Voica Alin Marian	Technical Director	01.01.2021-30.06.2021	Decision 184 / 12.12.2019
Anton LaurentiuAlexandru	Commercial Director	01.01.2021-14.02.2021	Decision 183/12.12.2019
Sighiartau Dan Petru	Commercial Director	15.02.2021-30.06.2021	Decision 49/09.02.2021
Voicu Mariana	Manager of Quality Management System	01.01.2021-30.06.2021	Decision 64 / 05.04.2018

For the period 01.01.2021 - 30.06.2021 the total remuneration of the executive management of the Company represented a percentage of 7,27% of the salary fund.

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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### Management statement

According to the best available information, we confirm that the unaudited simplified interim financial statements prepared for the six-month period ended June 30, 2021 provide a correct and consistent picture of the assets, liabilities, financial position and income and expenditure of Uztel SA, as provided by the applicable accounting standards, and that the Report of the Board of Directors provides a correct and realistic picture of the important events that took place during the first six months of the financial year 2021 and their impact on the simplified interim financial statements, as well as a description of the main risks specific to the activity carried out.

Ploiesti, August 30, 2021

General Director

Eng. Anghel George Marinelo

Economic Director

Ec. Popescu Ileana