



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

Phone: + 40 / 0372441111 / int :143 ; +40 / 0372441108; E-mail: office@uztel.ro

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

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Report of the Special Administrator on Uztel S.A Company's business in 2023

Analysis of the Commercial Company's Activity

1.1 a) Description of the Company's core business

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

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

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

The company has a production integrated with local design skills, high technology applied in accordance with API specifications and EC standards. QOHSE compartment using modern laboratories and procedures provide compliance with international standards ISO-14001-2015, ISO 45001-2018, ISO 9001-2015 and API specifications API 6A,16A,16C, 16D. UZTEL maintains and continually improves a quality management system "QMS" ISO 9001: 2015 and API Spec. Q1, in accordance with international standards of reference, 14001 and 45001 and integrated with environmental management systems and occupational health and safety certified by GR Eurocert SRL Ploiesti, to ensure product quality while protecting the environment and creating a safe and healthy working environment at work

1.1 b) Specify the date of incorporation of the Company

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

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



In 2004, the company was privatized under PSAL I program, by transfer of shares held by the Romanian state to private shareholders, by sale of the Authority for State Assets Recovery shareholding in the Company, equivalent to 76,8745% of the share capital at that time, to the consortium formed by Association "UZTEL" and company ARRAY PRODUCTS CO. LLC - USA. As of May 22, 2008 the Company was admitted to trading on BSE category II with UZT symbol. Currently, UZT shares are not tradable due to the opening of the insolvency procedure with the intention of reorganization through the Closing pronounced in the meeting dated 04.13.2023 in file no. 1223/105/2023 pending at the Prahova Court.

c) Description of acquisitions and/or sale of assets

• **Fixed Assets- Tangibles**

In the period January 1 - December 31, 2023, the total value of the increases recorded in the accounting records for the "Buildings and constructions" class was **41.932.423,39 lei** representing the difference between the net accounting value on 31.12.2023 and the fair value according to Valuation Report no. 18/February 2024.

In the period January 1 - December 31, 2023, the total value of the increases recorded in the accounting records for the "Machines and equipment" class was 765.218,94 lei representing outflows of fixed assets through scrapping and sale.

In the period January 1 - December 31, 2023, the total value of the decreases recorded in the accounting records for the "Buildings and constructions" class was 423.048,62 lei representing the sale of intra-urban land with a total area of 4.687 square meters.

In the period January 1 - December 31, 2023, the total value of the decreases recorded in the accounting records for the class "Buildings and constructions" was 19.067.303,91 lei, representing the depreciation value eliminated on 31.12.2023 for the class buildings - industrial halls, scraps and depreciation value for recording fair value according to Valuation Report no. 18/February 2024.

• **Fixed Assets – Intangible**

Between January 1 and December 31, 2023, the company purchased intangible assets worth 6.599,39 lei, representing:

- ESET Endpoint antivirus license, worth 1.700 lei;

- Software Update License & Support Oracle Database Standard Edition One Processor Perpetual Nov 2023-Nov 2024, worth 4.899,39 lei.

1.1 d) *Description of the main results of the evaluation of the company's activity The immobilized assets recorded the following developments in the financial year 01.01.2023 – 31.12.2023:*



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- Compared to the year 2022, the total fixed assets increased from 35.500.674 lei on 31.12.2022 to 75.244.913 lei on 31.12.2023, i.e. a percentage increase of 111,95% compared to the same period of the year 2022 due to the recording of the fair value following the revaluation for the class buildings - industrial halls on 31.12.2023, as follows:
- The value of intangible assets decreased from 38.348 lei on 31.12.2022 to 11.891 lei on 31.12.2023, i.e. a percentage decrease of 68,99%, due to the registration in the accounting records of the acquisition of intangible assets, as well as expenses with their amortization recorded during the 2023 financial year.
- The value of tangible assets increased from 35.462.326 lei on 31.12.2022 to 75.233.022 lei on 31.12.2023, i.e. a percentage increase of 112,15%, due to the registration in the accounting record of the fair value as a result of revaluation for the class of buildings - industrial halls on 31.12.2023 and depreciation expenses.

| Asset component | 31.12.2023 | 31.12.2022 | 31.12.2021 | 31.12.2020 |
|---------------------|-------------------|-------------------|-------------------|-------------------|
| Intangible assets | 11.891 | 38.348 | 56.207 | 68.052 |
| Tangible assets | 75.233.022 | 35.462.326 | 36.615.293 | 37.576.783 |
| Total assets | 75.244.913 | 35.500.674 | 36.671.500 | 37.644.835 |

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

Uztel S.A. registered in 2023 the following evolution of sales on the domestic and foreign market:

- Sales in RON** decreased from 25.869.001 lei on 31.12.2022 to 18.677.345 lei on 31.12.2023, i.e. a percentage decrease of 27,80 % compared to 2022;
- Sales in EURO** decreased from 2.620.486 EURO on 31.12.2022 to 1.441.043 EURO on 31.12.2023, .e. a percentage decrease of 45,01% compared to 2022;
- Sales in USD** decreased from 971.494 usd la 31.12.2022 la 526.841 usd la 31.12.2023, .e. a percentage decrease of 45,77% compared to 2022.

| Explanations | 31.12.2023 | 31.12.2022 | 31.12.2023/31.12.2022*100 |
|---------------|------------|------------|---------------------------|
| Sales in RON | 18.677.345 | 25.869.001 | 72,20 |
| Sales in EURO | 1.441.043 | 2.620.486 | 54,99 |
| Sales in USD | 526.841 | 971.494 | 54,23 |

1.1.1 Items of general assessment:

- Profit (9.407.257) lei
- Turnover 28.422.343 lei

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IN INSOLVENCY

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– c) Total value of the sales in foreign currencies (EURO and USD) changed to national currency or January- December 2023 worth 9.744.998 lei - account turnover 4111.1.03 (foreign clients) corresponding to turnover accounts, as follows:

lei

| | | |
|----------------|---|-----------|
| acct. 7015.3 | Revenue from the sale of finished products | 9.657.953 |
| acct. 704.2.03 | Income from services rendered- external transport | 79.105 |
| acct. 708.1.02 | Income from various activities - export | 7.940 |

d) Actual expenditure of 2023 to achieve production manufactured totalizes 24.940.263 lei and to achieve production in progress are worth a total of 9.256.669 lei.

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

-Domestic 14-15%; the company tried to determine, constantly, the value of the profile market in order to understand where it fits, but the lack of correct and credible statistical information makes this estimate have a degree of subjectivity.

- External ~ 1%. Externally, it is not possible to objectively and correctly estimate the market share of Uztel, since not all the operators in the profile market are known.

The company, using professional reasoning, estimated these market shares for the year 2023, shares that were affected due to the evolution of the international post-epidemiological situation determined by the spread of the SARS-CoV-2 coronavirus at the level of over 150 countries, as well as the outbreak of the conflict in February 2022 geopolitical from the border of Romania, which led to uncertainties and risks in the economic, commercial, social, financial environment that generated significant dysfunctions in the development of the company's activity in 2023.

f) on 31.12.2023, the company had cash (according to the balance sheet) in the total amount of 639.274 lei as follows:

lei

| Explanations | 31-December 2023 | 31-December 2022 | Share (%) |
|---|---------------------|---------------------|-------------|
| 0 | 1 | 2 | 3 = 1/2*100 |
| Bank acct 5121 (lei) | 449.769,17 | 62.254,89 | 722,46 |
| Bank acct 5124 (USD) - c/val. lei | 64.011,78 | 23.850,58 | 268,39 |
| Bank acct 5124 (EURO) - c/val. lei | 117.954,08 | 7.584,91 | 1.555,11 |
| Petty cash acct 5311 in lei | 2.591,15 | 4.194,02 | 61,78 |
| Petty cash acct 5314 in devises (USD) – c/val. lei | 0 | 5.030,88 | - |



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EN PROCEDURE COLLECTIVE

| | | | |
|---|-------------------|-------------------|---------------|
| Petty cash acct 5314 in devises (EURO) – c/val. lei | 4.947,41 | 2.812,71 | 175,89 |
| Total cash | 639.273,59 | 358.763,46 | 178,19 |

Cash and cash equivalents registered in 2023 an increase from 358.763,46 lei on 31.12.2022 to 639.273,59 lei on 31.12.2023, .e., a percentage increase of 78,19 % compared to the same period of 2022.

The company registered on December 31, 2023 a net financial profit due to exchange rate fluctuations (euro and usd) related to the period January - December 2023 amounting 11.655,56 lei, as follows:

- account 665 (expenses from exchange rate differences) = 393.770,66 lei
- account 765 (income from exchange rate differences) = 405.426,22 lei.

1.1.2 Assessment of the technical level of the commercial company

- a) As of 31.12.2023 the Company owns assets in the total amount of 105.824.561,02 lei, as bellow:

lei

| ASSETS | Balance at 31.12.2023 as of Account balance |
|--|---|
| Lands | 15.794.281,49 |
| Constructions | 53.819.566,25 |
| Technological equipment, devices and measurement equipment, vehicles | 36.044.671,16 |
| Furniture and office equipment | 166.042,12 |

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

- b) During January-December 2023, the following evolutions of the company's main incomes were recorded compared to the total revenues of 29.914.586 lei and the turnover of 28.422.343 lei, as follows:

| year 2023 | Amount (lei) | Share in total income % | Share in turnover % |
|---|---------------|-------------------------|---------------------|
| Revenue from the sale of finished products - domestic | 18.033.992,41 | 60,28 | 63,45 |
| Revenue from the sale of finished products - external | 9.657.952,76 | 32,28 | 33,98 |
| Revenue from provifision of laboratory services | 586,74 | - | - |



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| | | | |
|---|----------------------|--------------|---------------|
| Revenue from services rendered – domestic transport | 3.895,92 | 0,01 | 0,01 |
| Revenue from services rendered – external transport | 79.105,38 | 0,26 | 0,28 |
| Income from rental of oilfield equipment and installation | 14.814,73 | 0,05 | 0,05 |
| Income from sale of goods | 355.150,74 | 1,19 | 1,26 |
| Income from various activities – internal and export | 276.844,40 | 0,93 | 0,97 |
| Turnover - Total | 28.422.343,08 | 95,00 | 100,00 |

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

From the annual volume of acquisitions made in 2023, amounting to 20.225.691,72 lei, the company's internal and external suppliers represent:

- internal suppliers amounting to 19.445.851,98 lei, a share of 96,14 % in total acquisitions;
- external suppliers (usd) amounting to 590.099,70 lei, a share of 2,92% in total acquisitions;
- external suppliers (euro) amounting to 189.740,04 lei , a share of 0,94 % in total acquisitions;

▪ Evaluation of the sales activity

From the annual volume of sales made in 2023, amounting to 28.422.343 lei, , the company's internal and external customers represent:

- internal clients amounting to 18.677.345 lei, a share of 65,71 % in turnover;
- external client (usd) amounting to 2.397.665 lei, a share of 8,44% in turnover;
- external client (euro) amounting to de 7.347.333 lei, a share of 25,85 % in turnover.
- The effects of the production activity, transactions and events carried out during 2023 of a company differ in terms of stability, risk and predictability, and the presentation of economic and financial elements help to understand the performance achieved and to evaluate future results.
- The achievements of 2023 prove that UZTEL S.A. Ploiesti is a viable company, with potential for economic and commercial stability, which depends to a large extent on the internal and external profile market, on the players and market rules and on the internal possibilities of recovery/reorganization.
- UZTEL S.A. had in progress on **31.12.2023** orders / contracts concluded with internal and external commercial partners in the total amount of **7.342.782,00 lei**, of which:



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IN INSOLVENCY

EN PROCEDURE COLLECTIVE

| | |
|------------------------|---------------------|
| Internal market - RON | 2.726.911,00 |
| External market - EURO | 456.045,00 |
| External market - USD | 515.203,50 |

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

Concerning the contracts / purchase orders at end of **2023**, the company is carrying out a series of commercial steps and auctions on domestic and international market that will create the conditions to provide the necessary contracts and orders expected by Income and Expenditure Balance and Cash flows related to **2024**, as follows:

| | |
|------------------------|----------------------|
| Internal Market - RON | 12.800.000,00 |
| External market - EURO | 2.440.000,00 |
| External market - USD | 1.600.000,00 |

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

a) Company recorded at 31.12.2023, 182 employees of which:

| Engineer | Sub-engineers | economists | Other people with academic education |
|----------|---------------|------------|--------------------------------------|
| 28 | - | 5 | 4 |

The factory staff is represented as follows:

individuals

| Oilfield equipment Dept | Hot Sectors Dept. | Other activities | Technical and |
|-------------------------|-------------------|------------------|---------------|
| 104 | - | 28 | 50 |

The relationship between management and employees in 2023 were held in good conditions, labour conflicts are not registered and no otherwise.

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

Company runs its business based on the following regulatory acts:

- Environmental authorization no. PH-259 from 02.10.2019, reviewed in 17.12.2021, valid with annual endorsement, for the activity of production assemblies, parts and oilfield equipment and industrial service, recovery of solid recyclable waste, collection, purification and distribution of water, painting workshop.
- Authorization for water management no. 143 from 17.08.2022 valid until 01.09.2025;



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Uztel S.A. Company constantly and sustainably pay special attention to the protection of the environment, especially considering:

- 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 ISO 14001-2015, ISO 9001-2015, ISO 45001:2018 and API specifications. 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, waste water, air-emissions, air-immissions, soil, waste) were monitored according to the legal requirements applicable to the activities within Uztel S.A. (monthly, quarterly, semi-annually, annually). The frequency imposed by the Environmental Authorization was respected and there were no violations of the maximum limits imposed.

The program of measures for the year 2023 was carried out in proportion to 100%. The proposed actions concerned waste management, emissions and immissions, drinking and waste water, noise and soil. Hazardous chemical substances and preparations were purchased, stored, handled and used in compliance with the legislation in force, according to the technical safety data sheets

1.1.7 *Evaluation of Research and Development*

a) The main objectives in the design and assimilation of new products in 2023 were:



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

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

b) In order to ensure the quality requirements regarding the sale of Uztel products on the foreign market, the technical departments obtained in 2023 certifications for licenses as follows:



b1) The audit of the integrated quality - environment - ssm system carried out by the company GR Eurocert SRL Ploiesti in the period 21.06 - 23. 06.2023, included:

- recertification audit of the quality management system according to ISO 9001:2015
- recertification audit of the environmental management system according to ISO 14001:2015
- recertification audit of the OSH management system according to ISO45001:2018

Following the audit performed by GR Eurocert SRL Ploiesti, the following certifications/certificates were obtained:

- No.00.12.1682; ISO-9001-2015; valid until 26.06.2026;
- No.00.02.1104; ISO-14001-2015; valid until 26.06.2026;
- No.00.05.0626; ISO45001:2018; valid until 22.06.2026.

b2) The recertification audit carried out by the GR Eurocert SRL Ploiesti company, on 21.06.2023, for:

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

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

- PEMH1.0072 (valid until 23.06.2025) ;
- PE 43.00174 (valid until 27.09.2024) ;

b3) Holding product licenses according to the standards: API 6A; 16A; 16D; 16C, for which an audit was carried out between 17-21.07.2023 and Certificates of Conformity of the Quality Management System and application of the API monograms valid for 02.10.2024 and application of the API monograms on the products manufactured.

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

Within the Technological Service, new technologies were implemented as a result of the existing demand on the oil equipment market, the technological process starting with the review and combination of all existing information and knowledge, including calling on the experience of other users in the field of technological innovations.

Technological competitiveness, as a result of innovation focused on own research-development activity, modernization from a technological point of view was the main objective.



In the conditions that machining by chipping represents over 60% of the total factory work, the assimilation of modern chipping tools continued with a direct impact on the technical time norms and implicitly on the quality and cost price of the finished product. In the field of tool improvement, new technologies were analysed and developed, among which the following can be mentioned: increasing the cutting capacity of tools by using new materials and constructive forms and by rationalizing the operating conditions; the cutting capacity of high-speed steels, highly alloyed with cobalt, vanadium and molybdenum, was significantly increased by raising the carbon content and, respectively, the hardness from 62 - 65 HRC to 72 HRC; the performance of conventional metal carbides has been considerably improved by the use of processed or coated carbides with pure titanium. The permanent search, in various ways, of this balance between the cutting capacity of the tool and the energy capacity of the machine-tool has always been an important factor of technical progress in this field of technique.

The permanent improvement of the technical assistance provided by the Technological Design Service - SDV in the manufacturing process was also pursued for the early detection of technological problems (semi-finished products, inappropriate settings or working regimes) and their rapid correction.

In order to increase the degree of optimization/profitability of the orders in relation to the demand for the quality of UZTEL products and the reduction of the internal capacities of cast semi-finished products, the cast semi-finished products have been replaced with the forged or welded semi-finished products that require a smaller amount of labor in the conditions of compliance with the requirements API. The approval of cast semi-finished products from external production and their implementation in UZTEL production also began.

The implementation of technologies for inspection and recertification services according to the new API requirements, of the equipment used in drilling - extraction, continued.

The acceleration of changes and the inevitable shock of the future, the impact between technology and the natural or social environment, the transition from forced technology to high technology calls for a new technological education and mentality that the UZTEL Technological Service wants to implement and integrate. At the level of society, the development of technologies knows a continuous growth imposed by the economic conditions required by the oil products market, in the conditions where a particularity of financial investments is given by the large amount dedicated to research

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

Interest rate risk

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

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| | Accounting year | Accounting year |
|---------------|-------------------------|-------------------------|
| | Ended at | ended at |
| | <u>31 December 2023</u> | <u>31 December 2022</u> |
| | (lei) | (lei) |
| Interest paid | 406.492 | 885.177 |

Liquidity risk

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

| | Accounting year | Accounting year |
|--|-------------------------|-------------------------|
| | Ended at | ended at |
| | <u>31 December 2023</u> | <u>31 December 2022</u> |
| | (lei) | (lei) |
| Cash and availability on demand | 639.274 | 105.728 |
| Total Cash and cash equivalents | 639.274 | 105.728 |

The liquidity of the banking system was not sufficient for the economic needs, the national currency depreciated, the interbank interest rates having a downward trend. Therefore, market risk and liquidity risk increased a lot during the years 2020-2023, thus affecting the company's activity.

Currency risk

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

| | Accounting year | Accounting year |
|-------------------------------------|-------------------------|-------------------------|
| | ended at | ended at |
| | <u>31 December 2023</u> | <u>31 December 2022</u> |
| | (lei) | (lei) |
| Result of exchange rate differences | 11.656 | (262.246) |

Market Risk

The current global liquidity crisis that began in mid-2019 resulted in, among other things, a low level of capital market funding, lower liquidity levels in the banking sector and occasionally higher interbank lending rates and volatility very high stock exchanges.



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

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

The economic, commercial and financial effects of the "energy crisis" and the geo-political conflict were felt in the company's activity in 2023 by decreasing production (low demand), decreasing revenues and increasing stocks of finished products (available to customers for renting). Most of the oil companies and drilling operators in the domestic and international market have reoriented their investment policy (purchases of oil equipment and machinery) by dividing it for economic and financial reasons into two components

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

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

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

The demand for products made by UZTEL SA Ploiesti is currently more elastic than stable, because the preferences and orientations of consumers (internal and external customers), the decrease of the price of a barrel of oil and the investment budgets of large oil companies and the size of competitors' offer. are unpredictable. As a result, the company is currently facing an instability of demand for oil equipment, sales and the price of a barrel of oil, which have generated fluctuations in sales volume on the domestic and international market and, consequently, in cash flows generated by exploitation activity. The Company's management analysed the forecasts regarding the future of the operational activity, highlighting, at least for the period 01.01.2023 - 31.12.2023, a volume of inputs ensured both by the development of existing contracts, but also by the reasonable certainty of contracting new works.

During 2023, the company faced difficulties in ensuring the volume of orders needed to operate in the context in which the international and domestic market has been severely affected by possibly the worst crisis in the last 100 years. The effects of the crisis have generated difficulties in the chain in terms of:

- management of the situation caused by the coronavirus pandemic and isolation measures;
- fluctuation of crude oil barrel price
- drastic decrease in the demand for oil equipment;



UZTEL S.A.

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IN INSOLVENCY

EN PROCEDURE COLLECTIVE

- the commercial activity of selling / bidding the company is hampered by: travel bans, stopping global oil equipment auctions, volatile oil price hikes, price reductions requested by major national and international drilling companies, breaking supply chains
- sale of national and international companies.

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

Operational risk

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

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

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

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

The company does not hold participation titles in other entities.

1.1.9 *Perspectives on the business activity of the company*

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

| Economic -financial indicators | 31.12.2023 | 31.12.2022 | 31.12.2021 | 31.12.2020 |
|--|-------------------|-------------------|-------------------|-------------------|
| Current liquidity = Current assets / Current liabilities | 4,30 | 1,42 | 1,68 | 2,02 |
| Quick Liquidity = Current Assets - Stocks / Current Liabilities | 0,80 | 0,33 | 0,36 | 0,32 |

b) According to the presentation and substantiation note of the Investment Program for 2023, the note prepared by the Investment Energy Maintenance Service and approved by



the administrative and executive management of the company was estimated the allocation of material resources for rehabilitation and modernization of existing assets.

This imperative investment process necessary for society has been severely affected by the evolution of the international epidemiological situation caused by the spread of SARS-CoV-2 coronavirus has led to an inevitable negative impact in terms of drastic decrease in the volume of orders and commercial contracts for 2023. This epidemiological crisis generated commercial, financial and social losses. Not to be neglected is the sudden drop in the price of a barrel of oil in a very short time, which had serious consequences on the company's clients (drilling and exploitation companies) who stopped and postponed investment programs in oil equipment, and which caused a negative "chain reaction" on the company's income / turnover.

2. Tangible Assets of Company

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

The company owns a land area of 174.986,50 mp, of which:

- 109.022,00 mp – buildings;
- 65.964,50 mp – factory roads, utilities network and free area.

The core activity takes place in the industrial zone on an area of aprox. 161.690 mp.

2.2 Description and analysis of the company's properties wear

Fixed assets (constructions) registered in the company's financial accounts are mostly constituted and acquired before 1989, which have an advanced degree of physical and moral wear and tear. Some assets have been repaired or upgraded. The situation of buildings is precarious, we consider an average of 70% wear and to avoid damaging will be repaired and rehabilitated depending upon financial resources of the company.

Most of the equipment and machine tools are not in the best technical and technological condition. We appreciate that they already have a 60-65% average wear, most requiring overhaul. The machine-tools show wear of the guides, gearboxes, main axes, so that it becomes more and more difficult to maintain them at optimal parameters. It is estimated, depending on the financial resources, the purchase of the following machines and technological equipment: plasma cutting machine that allows cutting sheets up to 57 mm thick; carousel with CNC to allow the processing of parts with H= 2000 mm and D=1600 mm; UV – digital metro; contrail yoke MT; digital lux meter; gauss – digital metro; UV lamp with recording camera to improve NDT control processes; hydraulic wrench for tightening the bolts and nuts at a controlled moment to comply with the technical prescriptions for threaded fasteners .

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



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IN INSOLVENCY

EN PROCEDURE COLLECTIVE

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

3. Market of Securities issued by the Company

3.1 The shares issued by Uztel are listed in the Standard category at the Bucharest Stock Exchange, and are not tradable from the date of entry into the insolvency procedure - 04/13/2023

3.2 The share capital of UZTEL S.A. registered at 31 December 2023 worth 13.413.647,50 lei, being divided into 5.365.459 shares, with a nominal value of

2.50 lei. According to the evidences existing at the Central Depository S.A. according to address no. 7084 din 06.03.2024, the situation of the shareholders of the shares on 31.12.2023 is the following:

| Shareholder | Nmb. of shares held | Share in capital, % |
|-------------------|---------------------|---------------------|
| UZTEL Association | 4.498.300 | 83,8381 |
| Legal entities | 447.203 | 8,3349 |
| Natural persons | 419.956 | 7,8270 |
| TOTAL | 5.365.459 | 100,0000 |

In 2023 the Company made quarterly payments amounting 148,93 lei representing net dividends due to shareholders for the years 2003, 2005, 2006, 2007 and 2008, as follows:

| | lei |
|------------------------|--------|
| a) Payment 1st quarter | 126,18 |
| b) Payment 2nd quarter | 22,75 |

At 31.12.2023 Uztel SA recorded in account 457 (due dividends) the sum of 1.007.874,37 lei representing dividends due to shareholders for years 2003-2008, amount included in the preliminary table of receivables published in B.P.I. nr. 10429/19.06.2023. The company has not determined and not paid dividends for the years 2011 – 2023.

3.3 *Description of any activities of the Company to purchase its own shares: - -*
- Company did not buy its own shares in 2023.

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

- The Company has no subsidiaries.

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

-In 2023 the company has not issued bonds or other debt securities



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4. Company's management

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

In accordance with the legal provisions in force, respectively Law 31/1990 amended and updated, the management of the company was exercised during the period 01.01.2023 – 25.05.2023 by the Board of Directors formed by the following members with full powers:

| PERIOD 01.01.2023 - 25.05.2023 | | |
|---------------------------------------|------------------------------|-------------------------|
| SURNAME, GIVEN NAME | POSITION | PERIOD OF OFFICE |
| Hagiu Neculai | CEO | 01.01.2023-25.05.2023 |
| Popescu Ileana | Member of board of Directors | 01.01.2023-25.05.2023 |
| Serbaniuc Tudor | Member of board of Directors | 01.01.2023-02.04.2023 |
| Stan Vasile Armis | Member of board of Directors | 01.01.2023-25.05.2023 |
| Grigore Victor | Member of board of Directors | 01.01.2023-25.05.2023 |

By Decision no. 2/25.05.2023 adopted by the Ordinary General Meeting of Shareholders of Uztel S.A. Mr. Dumitru Paul George was appointed as Special Administrator of the company for a period of 4 years starting on 25.05.2023, who will manage the company under the supervision of the Judicial Administrator. For the period 01.01. – 31.12.2023 the total remunerations of the Board of Directors of the Company represented a percentage of 1.20% of the salary fund, specifying that these allowances were accounted for between 01.01 – 25.05.2023 because the Board of Directors was suspended according to the provisions of the law no. 85/2014 regarding the insolvency procedure.

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

a) the executive management appointed by the Board of Directors /special Administrator for 2023 had the following composition:

THE EXECUTIVE MANAGEMENT OF THE COMPANY - during the period 01.01.2023 – 31.12.2023 registered the following component in exercising the managerial attributions :

| PERIOD 01.01.2023 - 31.12.2023 | | | |
|---------------------------------------|--|-------------------------|---------------------------------------|
| SURNAME, GIVEN NAME | POSITION | PERIOD | DECISION / DATE OF ISSUANCE |
| Dumitru Paul – George | General Director | 26.05.2023 – 31.12.2023 | C.I.M. nr. 1387/25.05.2023 |
| Anghel George Marinelo | General Director, Head of Commercial Dept. | 01.01.2023-25.05.2023 | C.M. 02/09.01.2020 Add. Act / 07.2023 |



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IN INSOLVENCY

EN PROCEDURE COLLECTIVE

| | | | |
|----------------------|--|---|--|
| Sighiartau Dan Petru | Commercial Director Head of Commercial Dept. | 01.01.2023- 25.05.2023 | Decision nr. 49/09.02.2021 |
| Voica Alin Marian | Technical Director, Head of Technical Dept. | 01.01.2023- 25.05.2023 | Decision 184 / 12.12.2019 |
| Popescu Ileana | Economic Director, Head of Economic Dept. | 01.01.2023- 25.05.2023 26.05.2023 – 31.12.2023 | Decision 592 / 30.11.2010 Additional act /05.2023 |
| Voicu Mariana | Manager SSM, Head of SSM Dept. | 01.01.2023- 25.05.2023 26.05.2023 – 31.12.2023 | Decision 64/05.04.2018 Additional act / 05.2023 |

For the period 01.01.2023 - 31.12.2023 total remuneration of the executive management of the Company accounted for a share of 6,46 % of wages fund.

- b) *Any agreement, understanding or family connection between the person and another and another person who caused that person is appointed member of the executive management:*
- c) The Company did not find any such situations in financial year 2023 .
- d) *c) Participation of executive management in company's share capital is as follows:*

| SURNAME, GIVEN NAME-POSITION | Number of shares owned |
|--|------------------------|
| Dumitru Paul – George – Special Administrator – General Director | - |
| Voica Alin Marian – Head of Technical Dept. | - |
| Popescu Ileana – Head of Economic Dept. | 122 |
| Voicu Mariana – Head of SSM Dept. | - |

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

Corporative governance

Uztel SA will implement the recommendations contained in the Corporate Governance Code of the Bucharest Stock Exchange, which establishes the principles and governance structures, having as main purpose the observance of shareholders' rights as well as ensuring their equitable



treatment. In this sense, the Board of Directors has elaborated a Regulation of Organization and Functioning, which is in accordance with the CGC principles, thus ensuring the transparency as well as the sustainable development of the company. The Organization and Functioning Regulation established at the same time the functions corresponding to the Board of Directors, its competencies and responsibilities, so as to ensure the observance of the interests of all company shareholders, their fair treatment and potential investors to the relevant information about the company.

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

The internal managerial control and the internal audit had in 2023 the following objectives:

- protecting the organization's resources against waste, negligence, abuse, fraud;
- compliance with the legislation in force and the internal regulations;
- reliability of financial reporting (accuracy, completeness and correct presentation of information);
- ensuring a climate based on the identification, understanding and control of all operations and activities of the entity, which should contribute to the achievement of organizational objectives;
- applying the decisions/decisions of the Board of Directors (as of 25.05.2023), the Judicial Administrator and the Special Administrator and the executive management and following up on their fulfilment.

The achievement of these objectives was achieved as follows:

- maintaining staff with an adequate level of competence, in accordance with the needs of the company, accompanied by the development of a continuous training plan that allows updating specific knowledge or supplementing internal resources with consultants / external service providers, when appropriate;
- clear definition and division of responsibilities related to each person involved in the organizational process; the separation of the attributions regarding the performance of operations between persons, so that the attributions of approval, control and registration are, to an adequate extent, entrusted to different persons (according to the Company's Organization Chart);
- the existence of a calendar and a well-defined process regarding the preparation of accounting, financial and commercial information in accordance with the requirements for reporting, verification and their corresponding approval by the Board of Directors (until 25.05.2023), the Judicial Administrator and the Special Administrator

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



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IN INSOLVENCY

EN PROCEDURE COLLECTIVE

5. Finance- accounting statement

a) Elements of Financial Statement

a.1. The situation of assets items in 2023 compared to the years 2022, 2021, and 2020 is as follows:

| asset | 31.12.2023 | 31.12.2022 | 31.12.2021 | 31.12.2020 | lei |
|--|--------------------|-------------------|-------------------|-------------------|-----|
| Intangible assets | 11.891 | 38.348 | 56.207 | 68.052 | |
| Tangible assets, of which: | 75.233.022 | 35.462.326 | 36.615.293 | 37.576.783 | |
| Land and buildings | 67.186.954 | 26.484.923 | 26.737.410 | 27.981.990 | |
| Plant and machinery | 5.531.243 | 6.401.256 | 7.294.558 | 6.977.919 | |
| Other installations and furniture | 28.493 | 35.671 | 42.849 | 50.027 | |
| Tangible assets in progress | 2.465.969 | 2.520.113 | 2.520.113 | 2.546.484 | |
| Advance for acquisition of intangible assets | 20.363 | 20.363 | 20.363 | 20.363 | |
| Total asset | 75.244.913 | 35.500.674 | 36.671.500 | 37.644.835 | |
| Current assets of which: | 47.263.531 | 49.103.628 | 52.137.391 | 41.290.546 | |
| Stocks | 38.514.768 | 37.712.651 | 40.968.713 | 34.758.639 | |
| Receivables | 8.107.516 | 11.279.906 | 10.804.774 | 5.241.939 | |
| Cash availability | 639.274 | 105.728 | 358.763 | 1.286.319 | |
| Prepayment | 1.973 | 5.343 | 5.141 | 3.649 | |
| Total assets | 122.508.444 | 84.604.302 | 88.808.891 | 78.935.381 | |

Compared to the year 2022, an increase of 44,80% of the total assets owned by the company was observed, compared to the year 2021, an increase of 37,95% was observed, and compared to the year 2020, an increase of 55,20%.

In nominal values, total assets increased in 2023 compared to 2022 from 84.604.302 lei at 31.12.2022 to 122.508.444 lei at 31.12.2023, on account of:

– the increase of fixed assets by 111,95%, and in nominal values from 35.500.674 lei on 31.12.2022 to 75.244.913 lei on 31.12.2023, as a result of making and recording the fair values related to the Valuation Report for the class of buildings - halls industrial no. 18/February 2024;

– decrease of current assets by 3,75%, and in nominal values from 49.103.628 lei on 31.12.2022 to 47.263.531 lei on 31.12.2023.

In nominal values, total assets increased in 2023 compared to 2021 from 88.808.891 lei on 31.12.2021 to 122.508.444 lei on 31.12.2023, on account of:

– the increase of fixed assets by 105,19%, and in nominal values from 36.671.500 lei on 31.12.2021 to 75.244.913 lei on 31.12.2023 as a result of making and recording the



fair values related to the Valuation Report for the class of buildings - industrial halls No. 18/February 2024;

- the decrease of current assets by 9,35%, and in nominal values from 52.137.391 lei on 31.12.2021 to 47.263.531 lei on 31.12.2023.

In nominal values, total assets increased in 2023 compared to 2020 from 78.935.381 lei at 31.12.2020 to 122.508.444 lei at 31.12.2023, on account of:

- the increase of fixed assets by 99,88%, and in nominal values from 37.644.835 lei on 31.12.2020 to 75.244.913 lei on 31.12.2023 as a result of making and recording the fair values related to the Valuation Report for the class of buildings - industrial halls No. 18/February 2024;

- the increase of current assets by 14,47%, and in nominal values from 41.290.546 lei on 31.12.2020 to 47.263.531 lei on 31.12.2023.

Clients

Uztel SA periodically analyses the receivables situation of internal, external and litigious clients. For the receivables of the internal clients existing in the balance on 31.12.2023 in the amount of 4.424.691 lei no depreciation adjustments were constituted in the financial year 2023 because they are under strict monitoring regarding the terms of their collection. Internal receivables are subject to periodic analysis for the correct highlighting of the fair value receivable.

Internal receivables are subject to periodic analysis for the correct highlighting of the fair value to be collected.

For the receivables of the external clients existing in the balance on 31.12.2023 amounting to 2.064.779 lei no depreciation adjustments were established in the financial year 2023 because they are under strict monitoring regarding the terms of their collection.

External receivables are subject to periodic analysis for the correct highlighting of the fair value receivable to be collected.

The value of 610.074 lei represents the balance of receivables on 31.12.2023 for uncertain clients and is the object of analysis and periodic review of their fair value based on legal information in the files pending before the courts and in the enforcement files.

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

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



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EN PROCEDURE COLLECTIVE

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

On 31.12.2023 the Company did not provide adjustments for Stocks of raw materials, materials, semi-finished products and finished products

a.2 The situation of liabilities in 2023 compared to 2022, 2021 and 2020 is as follows:

lei

| Liabilities | 31.12.2023 | 31.12.2022 | 31.12.2021 | 31.12.2020 |
|--------------------------|--------------------|-------------------|-------------------|-------------------|
| Equity | 13.413.648 | 13.413.648 | 13.413.648 | 13.413.648 |
| Adjustments of equity | 3.453.860 | 3.453.860 | 3.453.860 | 3.453.860 |
| Reserves | 73.200.189 | 32.369.908 | 34.065.517 | 34.986.872 |
| Retained earnings | (18.317.119) | (9.024.687) | (1.422.418) | (2.674.097) |
| Debt over a year | 39.471.404 | 9.639.293 | 8.131.379 | 9.110.547 |
| Provisions | 202.457 | 214.337 | 220.217 | 225.017 |
| Debts under one year | 11.084.005 | 34.537.943 | 30.946.688 | 20.419.534 |
| Total Liabilities | 122.508.444 | 84.604.302 | 88.808.891 | 78.935.381 |

Compared to 2022, there was an increase of 44,80% in the total liabilities owned by the company, in nominal values from 84.604.302 lei on 31.12.2022 to 122.508.444 lei on 31.12.2023;

Compared to 2021, there was an increase of 37,95% in the total liabilities owned by the company, in nominal values from 88.808.891 lei on 31.12.2021 to 122.508.444 lei on 31.12.2023;

Compared to 2020, there was an increase of 55,20% in the total liabilities owned by the company, in nominal values from 78.935.381 lei on 31.12.2020 to 122.508.444 lei on 31.12.2023.

The percentage and value increase of the total liabilities held by the company is due to the registration on 31.12.2023 of the fair values for the class of buildings - industrial halls according to Valuation Report no. 18/February 2024, resulting in the increase of revaluation reserves with the value of 41.932.423 lei representing the difference between the non-accounting value and the adjusted value revalued on 31.12.2023 and the reduction of revaluation reserves with the value of 1.102.142 lei by capitalizing the revaluation surplus and reserves recorded in the tax register, as follows:

- the value of 481.319 lei representing surplus capitalization from the revaluation for tangible assets that is evident from the sale of the house during the year 2023;
- the value of 620.823 lei representing revaluation reserves recorded in the fiscal register in 2023;

b) The situation of the Global Result

The structure of the global result in 2023 compared to the years 2022, 2021 and 2020 is presented as follows:



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| Keys | 31.12.2023 | 31.12.2022 | 31.12.2021 | 31.12.2020 |
|---|--------------------|--------------------|-------------------|---------------------|
| Net turnover | 28.422.343 | 43.565.867 | 35.861.356 | 35.278.237 |
| Operational income | 29.498.110 | 42.944.071 | 44.652.881 | 33.630.585 |
| Operational expense | 38.518.529 | 50.716.971 | 43.642.868 | 44.601.931 |
| Result of operational activities | (9.020.419) | (7.772.900) | 1.010.013 | (10.971.346) |
| Financial income | 416.476 | 558.557 | 187.101 | 538.138 |
| Financial expenses | 803.314 | 1.701.932 | 866.790 | 1.182.618 |
| Net Financial Result | (386.838) | (1.143.375) | (679.689) | (644.480) |
| Total income | 29.914.586 | 43.502.628 | 44.839.982 | 34.168.723 |
| Total expenses | 39.321.843 | 52.418.903 | 44.509.658 | 45.784.549 |
| Result before tax | (9.407.257) | (8.916.275) | 330.324 | (11.615.826) |
| Overall result of period | (9.407.257) | (8.916.275) | 330.324 | (11.615.826) |

The turnover recorded on 31.12.2023 compared to 31.12.2022 a decrease of 34,76%, in nominal values from 43.565.867 lei at 31.12.2022 to 28.422.343 lei.

Compared to 31.12.2021, the turnover recorded a decrease of 20,74%, in nominal values from 35.861.356 lei on 31.12.2021 to 28.422.343 lei on 31.12.2023, and compared to 31.12.2020 it decreased by 19,43% , in nominal values from 35.278.237 lei on 31.12.2020 to 28.422.343 lei on 31.12.2023.

The turnover expresses the volume of income obtained by the company based on the commercial operations carried out in the reference year 2023.

The turnover sums up: sales of executed products, works and services, rents and other incomes.

Operating revenues decreased by 31,31% in 2023 compared to 2022, i.e. in nominal values from 42.944.071 lei on 31.12.2022 to 29.498.110 lei on 31.12.2023, as follows:

- decrease in production and sales from 43.276.240 lei on 31.12.2022 to 28.067.192 lei on 31.12.2023, a percentage decrease of 35,14%;
- increase in revenues from the sale of goods from 289.627 lei on 31.12.2022 to 355.151 lei on 31.12.2023, a percentage increase of 22,62%
- the increase in revenues related to the costs of product stocks from (857.046) lei on 31.12.2022 to (125.317) lei on 31.12.2023;
- the increase in operating income from 235.250 lei on 31.12.2022 to 1.201.084 lei on 31.12.2023, a percentage increase of 510,56%.

Compared to 31.12.2021, operational revenues have decreased by 33,94%, i.e. in nominal values from 44.652.881 lei on 31.12.2021 to 29.498.110 lei on 31.12.2023, on account of.:

- decrease in production and sales from 35.757.317 lei on 31.12.2021 to 28.067.192 lei on 31.12.2023, a percentage decrease of 21,51%;
- increase in income from the sale of goods from 104.039 lei on 31.12.2021 to 355.151 lei on 31.12.2023, a percentage increase of 241,36%;
- the decrease in revenues related to the costs of product stocks from 8.408.612 lei on 31.12.2021 to (125.317) lei on 31.12.2023;



- the increase in operating income from 382.913 lei on 31.12.2021 to 1.201.084 lei on 31.12.2023, a percentage increase of 214,45%.

Compared to 31.12.2020, operational revenues decreased by 12,29%, i.e. in nominal values from 33.630.585 lei on 31.12.2020 to 29.498.110 lei on 31.12.2023, i.e.:

- decrease in production and sales from 35.230.242 lei on 31.12.2020 to 28.067.192 lei on 31.12.2023, a percentage decrease of 20,33%;
- the increase in income from the sale of goods from 47.995 lei on 31.12.2020 to 355.151 lei on 31.12.2023, a percentage increase of 639,97%;
- the increase in revenues related to the costs of product stocks from (2.950.128) lei on 31.12.2020 to (125.317) lei on 31.12.2023;
- the increase in operating income from 259.660 lei on 12/31/2020 to 1.201.084 lei on 12/31/2023, a percentage increase of 362,56%.

Operational expenses – decreased by 24,05 % la 31.12.2023 compared to 31.12.2022, in i.e. in nominal values from 50.716.971 lei at 31.12.2022 to 38.518.529 lei at 31.12.2023 ,on account of:

- decrease in expenses for raw materials, consumables, goods and utilities from 18.791.128 lei on 31.12.2022 to 11.015.752 lei on 31.12.2023, a percentage decrease of 41,38%;
- decrease in other expenses representing external services, fees and taxes from 4.745.088 lei on 31.12.2022 to 4.050.363 lei on 31.12.2023, a percentage decrease of 14,64%;
- reduction of personnel expenses from 24.325.594 lei at 31.12.2022 to 19.494.309 lei at 31.12.2023, a percentage decrease of 19,86%.

Compared to 31.12.2021, operational expenses decreased by 11,74%, in nominal values from 43.642.868 lei on 31.12.2021 to 38.518.529 lei on 31.12.2023, i.e.:

- decrease in expenses for raw materials, consumables, goods and utilities from 17.869.084 lei on 31.12.2021 to 11.015.752 lei on 31.12.2023, i.e. a percentage decrease of 38,35%;
- the increase in other expenses representing external services, fees and taxes from 3.862.853 lei at 31.12.2021 to 4.050.363 lei at 31.12.2023, a percentage increase of 4,85%;
- increase in personnel expenses from 19.404.441 lei on 31.12.2021 to 19.494.309 lei on 31.12.2023, a percentage increase of 0,46%.

Compared to 31.12.2020, operational expenses decreased by 13,64%, in nominal values from 44.601.931 lei at 31.12.2020 to 38.518.529 lei at 31.12.2023, i.e.:

- decrease in expenses for raw materials, consumables, goods and utilities from 13.430.849 lei on 31.12.2020 to 11.015.752 lei on 31.12.2023, i.e. a percentage decrease of 17,98%;
- decrease in other expenses representing external benefits, fees and taxes from 4.215.826 lei on 31.12.2020 to 4.050.363 lei on 31.12.2023, a percentage decrease of 3,92%;
- reduction of personnel expenses from 21.811.819 lei at 31.12.2020 to 19.494.309 lei at 31.12.2023, a percentage decrease of 10,62%.

The result of the operational activities recorded on 31.12.2023 compared to 31.12.2022 a decrease , in nominal values from (7.772.900) lei at 31.12.2022 to (9.020.419) lei at 31.12.2023. Compared to 31.12.2021, the result of operational activities registered reduction, in nominal values from 1.010.013 lei at 31.12.2021 to (9.020.419) lei at 31.12.2023, and compared to 31.12.2020 recorded an increase from (10.971.346) lei at 31.12.2020 to (9.020.419) lei at 31.12.2023.

Financial revenues decreased by 25,44 % at 31.12.2023 compared to 31.12.2022, i.e. in nominal values from 558.557 lei at 31.12.2022 to 416.476 lei at 31.12.2023. Compared to



31.12.2021, financial revenues increased by 122,59 %, i.e. in nominal values from 187.101 lei at 31.12.2021 at 416.476 lei la 31.12.2023, and compared to 31.12.2020 they decreased by 22,61 %, i.e. in nominal values from 538.138 lei at 31.12.2020 to 416.476 lei at 31.12.2023.

Financial expenses record a decrease by 52,80 % la 31.12.2023 compared to 31.12.2022, in nominal value from 1.701.932 lei at 31.12.2022 to 803.314 lei at 31.12.2023.

Compared to 31.12.2021, the financial expenses record a decrease by of 7,32 %, in nominal value from 866.790 lei at 31.12.2021 to 803.314 lei at 31.12.2023, and compared to 2020 recorded a decrease by 32,07 %, in nominal value from 1.182.618 lei at 31.12.2020 to 803.314 lei at 31.12.2023.

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

The net financial result on 31.12.2023 recorded a loss of (386.838) lei, on 31.12.2022 the company recorded a loss of (1.143.375) lei. On 31.12.2021 the company recorded a financial loss of (679.689) lei, and on 31.12.2020 a loss of (644.480) lei.

Total revenues registered a decrease of 31,23% on 31.12.2023 compared to 31.12.2022, i.e. in nominal values from 43.502.628 lei on 31.12.2022 to 29.914.586 lei on 31.12.2023.

Compared to 31.12.2021, total revenues decreased by 33,29%, in nominal values from 44.839.982 lei on 31.12.2021 to 29.914.586 lei on 31.12.2023, and compared to 31.12.2020, total revenues decreased by 12,45%, in nominal values from 34.168.723 lei on 31.12.2020 to 29.514.586 lei on 31.12.2023.

Total expenses decreased by 24,99% on 31.12.2023 compared to 31.12.2022, in nominal values from 52.418.903 lei on 31.12.2022 to 39.321.843 lei on 31.12.2023.

Compared to 31.12.2021, total expenses decreased by 11,66%, in nominal values from 44.509.658 lei on 31.12.2021 to 39.321.843 lei on 31.12.2023, and compared to 31.12.2020, total expenses decreased by 14,12%, in nominal values from 45.784.549 lei on 31.12.2020 to 39.321.843 lei on 31.12.2023.

The pre-tax result recorded on 31.12.2023 compared to 31.12.2022 a decrease, in nominal values from (8.916.275) lei at 31.12.2022 to (9.407.257) lei at 31.12.2023. Compared to 31.12.2021, the result before taxation registered a decrease, in nominal values from de la 330.324 lei at 31.12.2021 to (9.407.257) lei at 31.12.2023, and compared to 31.12.2020 it registered an increase, in nominal values from (11.615.826) lei la 31.12.2020 to (9.407.257) lei at 31.12.2023.

The overall result for the period registered on 31.12.2023 compared to 31.12.2022 a decrease , in nominal values from (8.916.275) lei at 31.12.2022 to (9.407.257) lei at 31.12.2023. Compared to 31.12.2021, the result before taxation registered a decrease, in nominal values from 330.324 lei at 31.12.2021 to (9.407.257) lei at 31.12.2023, and compared to 31.12.2020 it



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registered an increase, in nominal values, from (11.615.826) lei at 31.12.2020 to (9.407.257) lei at 31.12.2023.

| Economic - financial indicators | 31.12.2023 | 31.12.2022 | 31.12.2021 | 31.12.2020 |
|---|-------------------|-------------------|-------------------|-------------------|
| Current liquidity – Current Assets / Current Liabilities | 4,30 | 1,42 | 1,68 | 2,02 |
| Indebtness – Borrowed capital / Equity * 100 | 10,29% | 20,64% | 19,56% | 20,82% |
| Rotation speed debts – clients – Receivables / Turnover * 365 days | 104 zile | 95 zile | 110 zile | 54 zile |
| Rotation speed of fixed assets – Turnover / Fixed Assets | 0,38 | 1,23 | 0,98 | 0,94 |

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

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

Rotation speed debts – clients - Express effectiveness of the company in collecting its receivables, namely the number of days until the debtors pay their debt to society. The average number of days in which the company claims back in 2023 was 104 days.

Rotation speed of fixed assets - Express effectiveness of business assets by examining the turnover generated by a certain amount of assets. The value obtained was 0,38 expresses assets management effectiveness by achieving a turnover of 28.422.343 lei generated by an amount of fixed assets worth 75.244.913 lei.

c) Cash-flow :

The cash flow situation at 31 December 2023 as compared to 31 December 2022, 31 December 2021 and 31 December 2020 is as follows:



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| | 31-dec. 2023 | 31- dec. 2022 | 31-dec. 2021 | 31-dec. 2020 |
|--|-------------------------|--------------------------|-------------------------|-------------------------|
| | lei | lei | lei | lei |
| Net profit for the year | (9.407.257) | (8.916.275) | 330.324 | (11.615.826) |
| Income tax expenses | - | - | - | - |
| Long term asset depreciation /impairment | 1.656.549 | 1.776.313 | 2.228.405 | 2.476.994 |
| Expenses with disposed assets | 484.091 | 285.904 | 32.000 | 843.485 |
| Asset disposal income | (539.574) | (154.042) | (169.439) | (252.563) |
| Impairment adjustments for customer receivables | - | - | - | 1.077.744 |
| Income / (expenses) related to value adjustments on current assets | - | - | - | 2.693.898 |
| Interest expense | (406.492) | (885.177) | (517.998) | (605.349) |
| Interest income | 7.820 | 1.536 | 1.681 | 2.701 |
| Gain / loss from exchange rate | 11.656 | 262.247 | 170.669 | (26.455) |
| Movements in working capital | 1.214.050 | 1.286.781 | 1.745.318 | 6.210.455 |
| Increase / (decrease) in trade receivables and other receivables | (3.172.390) | (475.132) | (5.562.835) | 4.130.449 |
| Increase /(decrease) in other current assets | (3.370) | (202) | (1.492) | (686) |
| Increase / (decrease) in inventories | 802.117 | 3.256.062 | 6.379.529 | (5.789.020) |
| Increase / (decrease) commercial debts | (336.478) | (2.990.559) | (10.814.183) | 7.008.127 |
| Increase / (decrease) income recorded in advance | (98.338) | (970.153) | 1.350 | 2.500 |
| Increase / (decrease) other debts | 9.462.547 | 1.506.809 | 1.241.026 | (6.671.369) |
| Cash used in operating activities | 6.654.088 | 326.825 | (8.756.605) | (1.319.999) |
| Profit tax paid | - | - | - | - |
| Interest paid | (406.492) | (885.177) | (517.998) | (605.349) |
| Cash generated from operating activities | (1.945.611) | (8.187.846) | (7.198.961) | (7.330.719) |
| Net cash from investment activities | (151.463) | (241.315) | (436.928) | (651.489) |
| Cash payment for acquisition of assets | (151.463) | (241.315) | (436.928) | (651.489) |
| Net cash from financing activities | 2.630.620 | 8.176.126 | 6.708.333 | 7.297.358 |
| Cash repayments on loans and credits | (389.070) | (1.005.938) | (1.005.938) | (1.005.938) |

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| | | | | |
|--|----------------|------------------|------------------|------------------|
| Cash receipts from loans and credits | 3.019.839 | 9.182.306 | 7.714.313 | 7.263.645 |
| Receipts from subsidies for the payment of staff in technical furlough | - | - | - | 1.039.945 |
| Dividends paid | (149) | (242) | (42) | (294) |
| Increase / decrease in net cash and cash equivalents | 533.546 | (253.035) | (927.556) | (684.850) |
| Cash and cash equivalents at the beginning of period | 105.728 | 358.763 | 1.286.319 | 1.971.169 |
| Cash and cash equivalents at the end of period | 639.274 | 105.728 | 358.763 | 1.286.319 |
| Net increase/decrease in cash and cash equivalents | 533.546 | (253.035) | (927.556) | (684.850) |

In 2023, cash and cash equivalents increased compared to 2022 by 786.581 lei, as result of:

- increase of the cash generated from the exploitation activity by 6.242.235 lei, from (8.187.846) lei at 31.12.2022 to (1.945.611) lei at 31.12.2023;
- decrease of net cash from investment activity by 89.852 lei, from (241.315) lei at 31.12.2022 to (151.463) lei at 31.12.2023;
- decrease of net cash from investment activity by 5.545.506 lei, from 8.176.126 lei at 31.12.2022 to 2.630.620 lei at 31.12.2023.

In 2023, cash and cash equivalents increased compared to 2021 by 1.461.102 lei , as result of :

- increase of the cash generated from the exploitation activity by 5.253.350 lei, from (7.198.961) lei at 31.12.2021 to (1.945.611) lei at 31.12.2023;
- decrease in net cash from investment activity by 285.465 lei, from (436.928) lei on 31.12.2021 to (151.463) lei on 31.12.2023;
- the reduction of the net cash from the financing activity by 4.077.713 lei, from 6.708.333 lei at 31.12.2021 to 2.630.620 lei at 31.12.2023.

In 2023, cash and cash equivalents increased compared to 2020 by 1.218.396 lei, as a result of:

- the increase in the cash generated from the exploitation activity by 5.385.108 lei, from (7.330.719) lei at 31.12.2020 to (1.945.611) lei at 31.12.2023;
- decrease in net cash from investment activity by 500.026 lei, from (651.489) lei at 31.12.2020 to (151.463) lei at 31.12.2023;
- the reduction of the net cash from the financing activity by 4.666.738 lei, from 7.297.358 lei at 31.12.2020 to 2.630.620 lei at 31.12.2023.



Events after the financial statements concluded on 31.12.2023

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

Uztel has identified events that occurred between the date of the balance sheet concluded on 31.12.2023 and the date on which the financial statements are authorized for submission. These events provide additional information regarding the conditions that existed at the balance sheet date or regarding certain conditions that appeared after the closing of the 2023 balance sheet, as follows:

. In 2023, UZTEL SA carried out its activity in conditions of continuity in accordance with the provisions of OMFP 2844/2016 regarding the accounting regulations compliant with the International Financial Reporting Standards and the conditions stipulated by Law nr. 85/2014 concerning the insolvency procedure.

The company faced a series of difficulties in collecting the value of the goods delivered and the services provided by the company's clients, the average duration of the collection of term invoices increased, the company's current activity decreased, leading to a decrease in turnover. The decrease in sales volume was determined by the reduction in the volume of contracts and orders at the company level, against the background of the international and national situation, corroborated by the sudden drop in the price of a barrel of oil.

After the closing date of the financial year on 31.12.2023, the uncertainties and risks in the economic, commercial and financial environment remain elevated nationally and internationally. Even though the impact of the pandemic on economic activity has decreased over time, the continued application of measures to limit the spread of the disease and the prolonged shortage of personnel may affect economic activity. Also, these measures could affect the operation of the supply and sales chains for a longer period than expected.

The outbreak in February 2022 of the geo-political conflict on the border of Romania and the energy crisis led to major imbalances in the purchase and sale chains with immediate unfavorable consequences in treasury flows and implicitly, in the accumulation of salary and commercial debts and the failure to meet budget indicators provided for the year 2023.

The economic (commercial and financial) instability of the company determined by the reduced volume of sales on the internal and external market, delays in the collection of receivables, resulted in delays in paying the commercial debts of suppliers of raw materials, materials, utilities and services.

The 2024 challenge: the economic crisis and the repeated fiscal changes that affected Romania in the period 2020-2023; the negative evolution of macroeconomic indicators (inflation, budget deficit, decrease in foreign investments, increase in the unemployment rate); continuously increasing prices for raw materials and materials, higher bank interest rates, high prices of utilities (energy and gas) will break the overpressure of salary increases and maintain a



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high volume of sales in physical and value units in order to reach the performance objectives estimated by the Budget of revenues and expenses.

The Uztel company is facing an acute lack of availability, liquidity and continues its production activity under conditions of its reorganization/restructuring and resizing of the number of employed personnel depending on the volume of orders and commercial contracts negotiated with internal and external clients and the winning of internal and international tenders in the petroleum equipment market and, last but not least, by adopting a strategy, by reorganizing the entire activity, a strategy that will be transposed into the Reorganization Plan of the company.

Special Administrator – General Director,

Dumitru Paul – George

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

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

SWORN INTERPRETER AND TRANSLATOR

