



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

IN INSOLVENTA

IN INSOLVENCY

EN PROCEDURE COLLECTIVE

SUBSTANTIATION NOTE **of the proposal to cover accounting losses** **on 31.12.2023**

In the financial year ended on December 31, 2023, the company UZTEL SA Ploiesti registered a net accounting loss in the amount of (9.407.257,09) lei.

The result carried over from previous years is an accounting loss in the amount of (32.834.754,72) lei. Thus, the accounting loss will be in the amount of 42.242.011,81 lei, distributed over the years as follows:

- loss related to the year 2017, in the amount of (12.302.653,56) lei;
- loss related to the year 2020, in the amount of (11.615.826,38) lei;
- loss related to the year 2022, in the amount of (8.916.274,78) lei.;
- loss related to the year 2023 , in the amount of (9.407.257,09) lei .

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

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

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

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

" (3) - The favorable differences from the revaluation of the patrimony will be included in the reserves, without increasing the share capital."



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

On 31.12.2023, the company has registered in account 1175 *“The carried forward result representing the surplus realized from revaluation reserves”*, the amount of 16.829.677,99 lei, composed as follows:

- reserves related to the surplus from the revaluation of tangible fixed assets (land, buildings, equipment and technical installations) removed from the record between January and December 2023 through scrapping and sale, in the amount of 481.319,27 lei, the amount that was included in the tax base as income-like element;
- reserves related to the surplus from the revaluation of tangible fixed assets (land, buildings, equipment and technical installations) removed from the record between January and December 2022 through scrapping and sale, in the amount of 845.420,87 lei, the amount that was included in the tax base as income-like element;
- reserves related to the surplus from the revaluation of tangible assets (buildings, industrial equipment and machinery, office equipment) in the amount of 15.502.937,85 lei highlighted in the tax register through the quarterly transfer from the revaluation reserve accounts according to depreciation as non-deductible expenses.

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

1175	=	1171.01	1.326.740,14 lei
Retained earnings representing surplus made from revaluation reserves		Retained earnings-loss	

After the approval of these accounting operations, the net accounting loss of the company will be in the amount of (40.915.271,67) lei, as follows:

- loss in 2017 in the amount of (10.975.913,42) lei;
- loss in 2020 in the amount of (11.615.826,38) lei;
- loss in 2022 in the amount of (8.916.274,78) lei,



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- loss in 2023 in the amount of (9.407.257,09) lei ,
to be recovered according to Art. 19 para. (4) from the Accounting Law no. 82 / 1991
with subsequent amendments and additions

*„The carried forward accounting loss is covered from the profit of the financial year
and the carried forward one, from reserves, capital premiums and share capital,
according to the decision of the general meeting of shareholders”.*

Special Administrator – General Director,
Dumitru Paul – George

Head of Economic Department,
Popescu Ileana

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

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

SWORN INTERPRETER AND TRANSLATOR

