



UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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

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

**UNAUDITED FINANCIAL STATEMENTS
AT THE DATE OF
AND FOR THE THREE-MONTH PERIOD
ENDED ON 31 MARCH 2021**

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



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**Statement of the Individual Financial Position
for Accounting Reporting on 31.03.2021**

Assets	<u>31-March</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>
	<u>lei</u>	<u>lei</u>
Long-term Assets		
Tangible assets	36.986.923	37.576.783
Intangible assets	105.842	68.052
Total long-term assets	<u>37.092.765</u>	<u>37.644.835</u>
Current assets		
Stocks	36.301.290	34.758.639
Trade receivables and other receivables	5.409.893	5.241.939
Cash and cash equivalents	327.837	1.286.319
Total current assets	<u>42.039.020</u>	<u>41.286.897</u>
Total Assets	<u>79.137.145</u>	<u>78.935.381</u>
Prepayments	<u>5.360</u>	<u>3.649</u>
	42.044.380	41.290.546
 EQUITY AND LIABILITIES		
Capital and reserves		
Equity	13.413.648	13.413.648
Adjustments of equity	3.453.860	3.453.860
Reserves from revaluation	32.090.274	32.370.663
Legal reserves	1.985.076	1.985.076
Other reserves	631.133	631.133
Result for the period	(2.398.975)	(11.615.826)
Result reported	(4.792.683)	(2.674.097)
Total Capital	<u>46.781.308</u>	<u>49.180.283</u>
Long term loans		
Loans	1.718.650	1.970.135
Trade payables and other payables	1.502.707	1.049.405
Other debts	5.718.101	6.091.007
Provisions	225.017	225.017
Total long-term liabilities	<u>9.164.475</u>	<u>9.335.564</u>
Current liabilities		
Trade payables	7.401.422	6.747.158
Loans	7.841.842	8.269.583
Income in advance	1.927.972	245.186
Other liabilities	6.020.126	5.157.607
Total current liabilities	<u>23.191.362</u>	<u>20.419.534</u>
Total debts	<u>32.355.837</u>	<u>29.755.098</u>
Total equity and liabilities	<u>79.137.145</u>	<u>78.935.381</u>

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FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro**Statement of comprehensive income
for Accounting Reporting on 31.03.2021**

	<u>31-March</u> <u>2021</u> <u>lei</u>	<u>31-March</u> <u>2020</u> <u>lei</u>
Income	4.388.079	12.760.326
Other income	20.450	(2.059.106)
Income cost of inventories of finished goods and production in progress	2.021.598	(853.688)
Expenses with raw materials and consumables	(2.851.152)	(5.512.121)
Asset depreciation and amortization expense	(587.113)	(639.826)
Employee benefits expense	(4.077.430)	(6.554.493)
Contributions to Social security and insurance of employees	(148.002)	(243.999)
Expenses with external supply	(564.890)	(1.035.755)
Other expenses	(419.778)	(1.037.095)
Operating profit	<u>(2.218.238)</u>	<u>(5.175.757)</u>
Financial income	56.473	102.301
Financial expenses	(237.210)	(370.158)
Financial result - net	<u>(180.737)</u>	<u>(267.857)</u>
Profit / (loss) before tax	<u>(2.398.975)</u>	<u>(5.443.614)</u>
Profit / (loss) for the period - net	<u>(2.398.975)</u>	<u>(5.443.614)</u>
Total consolidated income for the period	<u>(2.398.975)</u>	<u>(5.443.614)</u>
Earnings per Share	<u>(0,45)</u>	<u>(1,01)</u>
Number of shares	<u>5.365.459</u>	<u>5.365.459</u>

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for Accounting Reporting on 31.03.2021**

In LEI	Equity	Adjustment of equity	Legal reserve	Reserves from reassessment	Other reserves	Result reported	Total equity
Balance at 01 January 2021	13.413.648	3.453.860	1.985.076	32.370.663	631.133	(2.674.097)	49.180.283
Reserve Reclassification From Reassessment At reported Result	-	-	-	-	-	280.389	280.389
Net Profit for the period	-	-	-	-	-	(2.398.975)	(2.,398.975)
Transfer between Equity accounts	-	-	-	(280.389)	-	-	(280.389)
Balance at March 31 2021	13.413.648	3.453.860	1.985.076	32.090.274	631.133	(4.792.683)	46.781.308

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

No deferred tax adjustments for revaluation reserves for the period 01.01.2021 - 31.03.2021 have been calculated.



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**Individual statement of cash flows
 for the accounting report on 31.03.2021**

in LEI	31-March 2021	31-March 2020
Net result for the period	(2.398.975)	(5.443.614)
Income tax expenses	-	-
Depreciation / impairment of long-term assets	587.113	639.826
Profit / (loss) from the sale of fixed assets	(6.468)	500.188
Adjustments for the impairment of receivables - clients	469.022	1.546.766
Interest expenses	(125.920)	(264.248)
Interest income	450	744
Profit / (loss) from the exchange rate variations	(55.768)	(13.220)
Movements in working capital	868.429	2.410.056
Increase / (decrease) trade receivables and other receivables	(167.954)	(1.650.734)
Increase / (decrease) of stocks	(1.542.651)	2.023.428
Increase / (decrease) in other current assets	(1.711)	71
Increase / (decrease) of commercial debt	(654.263)	535.514
Increase / (decrease) advance income recorded	(1.683.123)	(447.600)
Increase / (decrease) other liabilities	5.024.082	(1.545.328)
Cash used from operational activities	974.380	(1.084.649)
Interest paid	(125.920)	(264.248)
Cash generated from operating activities	(682.086)	(4.382.455)
Net cash from investment activities	(24.911)	(206.895)
Cash payment for the purchase of fixed assets	(24.911)	(206.895)
Net cash from financing activities	(251.485)	2.810.893
Cash repayments of loans and credits	(251.485)	(167.656)
Cash receipts from loans and credits	-	2.978.709
Dividends paid	-	(160)
Net increase / (decrease) in cash and cash equivalents	(958.482)	(1.778.457)



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Continuation The individual situation of the cash flows

Cash and cash equivalents at the beginning of the period	1.286.319	1.971.117
Cash and cash equivalents at the end of the period	327.837	192.660
Net increase / decrease in cash and cash equivalents	(958.482)	(1.778.457)



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**Explanatory Notes to Financial Statements
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FIXED ASSETS - tangible

	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 January 01 2021	16.342.931	30.995.658	36.286.544	166.042	2.546.484	20.363	86.358.022
Increases	-	-	2.700	-	-	-	2.700
Outputs	-	-	262.300	-	-	-	262.300
Balance on March 31 2021	16.342.931	30.995.658	36.026.944	166.042	2.546.484	20.363	86.098.422
Accumulated depreciation							
Balance at January 01 2021	-	19.356.599	29.308.625	116.015	-	-	48.781.239
Amortization of period	-	345.601	220.365	1.794	-	-	567.760
Amortization of outputs	-	-	237.500	-	-	-	237.500
Balance on March 31 2021	-	19.702.200	29.291.490	117.809	-	-	49.111.499
Adjustments							
Balance at January 01 2021	-	-	-	-	-	-	-
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance on March 31 2021	-	-	-	-	-	-	-
Net book value							
Balance at January 01 2021	16.342.931	11.639.059	6.977.919	50.027	2.546.484	20.363	37.576.783
Balance on March 31 2021	16.342.931	11.293.458	6.735.454	48.233	2.546.484	20.363	36.986.923



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Continued FIXED ASSETS - tangible

Between January 1st and March 31st, 2021, the total value of the increases registered in the accounting records for the “Machines and equipment” class was of 2.700 lei representing the MW-B15101MYWAY B15 laptop.

Between January 1st and March 31st, 2021, the total value of the decreases registered in the accounting records for the class “Machines and equipment” was of 262.300 lei, representing the removal from the record of technological equipment scrapped and sold.

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	Development expenses	Other intangible assets	Intangible assets in progress	Advances for intangible assets	Total
Cost	Lei	Lei	Lei		Lei
Balance on January 01, 2021	186.892	777.108	-	-	964.000
Increases	-	57.143	-	-	57.143
Outputs	-	-	-	-	-
Balance on March 31, 2021	186.892	834.251	-	-	1.021.143
Accumulated amortization					
Balance at 01 January, 2021	131.656	764.292	-	-	895.948
Amortization of period	5.080	14.273	-	-	19.353
Amortization of outputs	-	-	-	-	-
Balance at March 31, 2021	136.736	778.565	-	-	915.301
Net book value					
Balance at 01 January 2021	55.236	12.816	-	-	68.052
Balance at March 31, 2021	50.156	55.686	-	-	105.842

Between January 1 and March 31, 2021, the company acquired intangible assets in the amount of 57.143 lei, representing Technical Support for the integrated program SIVCO Applications 2020, in the amount of 56.053 lei and the license T5D-03308 Office Home and Business2019- English Eurozone Medailess, in value of 1.090 lei.



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**Explanatory Notes to Financial Statements
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INVENTORY	<u>31-March</u>	<u>31-March</u>
	<u>2021</u>	<u>2020</u>
	<u>lei</u>	<u>lei</u>
Raw material	1.157.457	1.432.624
Additional material	496.952	672.302
Fuels	21.672	15.886
Packaging materials	1.395	1.468
Spare parts	3.073.476	3.315.432
Other consumables	179.890	182.765
Inventory items	309.356	337.242
Product in progress	8.355.008	8.690.863
Semi- manufactured	3.135.300	3.629.708
Finished product	7.292.697	9.571.973
Difference of price of finished products	12.009.509	10.395.884
Packing	3.383	3.524
Residual products	2.592	10.008
Total	36.038.687	38.259.679
Advances for purchases assets such as stocks	262.603	264.551
Total General Stocks	36.301.290	38.524.230



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Cash and Cash equivalent

	<u>31-March</u> <u>2021</u> <u>lei</u>	<u>31-March</u> <u>2020</u> <u>lei</u>
Cash and cash equivalent	327.837	192.660
Bank deposit	-	-
Cash and cash equivalent	327.837	192.660

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

There are no restrictions on cash accounts in banks

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FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro**Explanatory Notes to Financial Statements
for Accounting Reporting on 31.03.2021****Trade receivables and other receivables**

	<u>31-March</u> <u>2021</u> <u>lei</u>	<u>31-March</u> <u>2020</u> <u>lei</u>
Trade receivables	4.168.370	10.219.199
Internal clients	2.653.856	4.891.072
External clients	518.291	1.103.636
Uncertain customers, disputes	616.037	3.845.516
Debtor suppliers	380.186	378.975
Other receivables	1.710.545	2.351.748
Other receivables (Performance guarantees OMV Petrom Bucharest)	-	23.717
VAT to be recovered	199.835	-
Wage advance	15.980	8.457
Borrowers	1.046.425	1.485.624
Irredeemable loans similar to subsidies	-	122.365
Other receivables (due VAT, prepayments and payments for operations in clearing	448.305	711.585
Adjustments for impairment of receivables-clients	(469.022)	(1.546.766)
Total trade receivables and other receivables	5.409.893	11.024.181
Prepayments	5.360	4.264

Adjustments for impairment of receivables-clients

	<u>31-March</u> <u>2021</u> <u>lei</u>	<u>31-March</u> <u>2020</u> <u>lei</u>
Balance at the beginning of the period	469.022	1.546.766
Established during the period	-	-
Resuming during the period	-	-
Total	469.022	1.546.766

The uncertain clients were recorded separately in the accounting records of the company. The assessment of foreign currency denominated claims was made at the foreign exchange market rate communicated by the National Bank of Romania for the closing of March 2021. The favourable or unfavourable exchange rate differences between the foreign exchange rate on which the foreign currency claims and the foreign exchange market rate communicated by the National Bank of Romania for the closing of March 2021 were recorded in the corresponding income or expense accounts of exchange rate differences, as the case.

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Situation of trade receivables and other receivables

	<u>31-March</u> <u>2021</u> <u>lei</u>	<u>31-March</u> <u>2020</u> <u>lei</u>
a) Situation of short-term debts		
Amounts owed to credit institutions	7.841.842	7.640.911
Advances collected for orders	1.927.972	1.745.548
Trade payables - suppliers	7.401.422	12.975.610
Other debts, including tax debts and social security debts	6.020.126	5.846.801
Total short-term debts	23,191,362	28,208,870
	<u>31-March</u> <u>2021</u> <u>lei</u>	<u>31-March</u> <u>2020</u> <u>lei</u>
a) Situation of long-term debts		
Amounts owed to credit institutions	1.718.650	2.724.589
Trade payables - suppliers	1.502.707	280.995
Other debts, including tax debts and social security debts	5.718.101	-
Provisions and earnings recorded in advance	225.017	241.307
Total long-term debts	9.164.475	3.246.891

Bank credit guarantee:

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

For these mortgaged real estate was entered the insurance policy no. 2553688 / 20.05.2020, valid from 25.05.2020 until 24.05.2021 (for the insured amount of 29.009.910 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. 125189.

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



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Provisions

	<u>Balance at January</u> <u>2021</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance at March</u> <u>31, 2021</u>
	<u>lei</u>	<u>lei</u>	<u>lei</u>	<u>lei</u>
Provisions for litigations	225.017	-	-	225.017
Total	225.017	-	-	225.017

Income recorded in advance

	<u>Balance at January</u> <u>2021</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance at March</u> <u>31, 2021</u>
	<u>lei</u>	<u>lei</u>	<u>lei</u>	<u>lei</u>
Income recorded in advance	2.500	-	337	2.163
Total	2.500	-	337	2.163



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Share of Operating Revenues

31 March 2021	Value (lei)	Share of Total revenue %	Share of turnover %
Revenue from the sale of finished products - domestic market	3.778.568,13	58,25	86,11
Revenue from the sale of finished products - abroad	575.595,42	8,87	13,12
Revenue from services rendered - external transport	21.747,75	0,34	0,50
Income from rental of oilfield equipment	11.820,78	0,18	0,27
Income from sale of goods	231,50	-	-
Income from different activities - Internal	115,50	-	-
Turnover - Total	4.388.079,08	67,65	100,00

Report on operating segment at March 31, 2021	Value (lei)	Share of Total income %
Revenue from the sale of finished products - internal	3.778.568,13	58,25
Revenue from the sale of finished products - external	575.595,42	8,87
Income related to the cost of finished product and production in progress	2.021.598,00	31,17
Revenue from services rendered	21.863,25	0,34
Income from royalties, rents, location management	11.820,78	0,18
Revenue from sale of goods	231,50	-
Total	6.409.677,08	98,81



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Continued Share of Operating Revenues

31 March 2020	Value (lei)	Share of Total revenue %	Share of turnover %
Revenue from the sale of finished products -	8.261.799,34	83,03	64,75
Revenue from the sale of finished products - abroad	4.374.532,39	43,97	34,28
Revenue from services rendered- Laboratory	6.636,63	0,07	0,05
Revenue from services rendered – external	33.225,42	0,33	0,26
Income from sale of goods	14.001,60	0,14	0,11
Income from different activities - Internal	70.130,38	0,70	0,55
Turnover - Total	12.760.325,76	128,25	100,00

Report on operating segment at March 31, 2020	Value (lei)	Share of Total income %
Revenue from the sale of finished products - internal	8.261.799,34	83,03
Revenue from the sale of finished products - external	4.374.532,39	43,97
Income related to the cost of finished product and production in progress	(853.688)	(8,58)
Revenue from services rendered	109.992,43	1,11
Revenue from sale of goods	14.001,60	0,14
Total	11.906.637,76	119,67

**UZTEL S.A.****OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS**

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FISCAL CODE RO1352846 , R.C. PLOIESTI NO. J29/48/1991; web site: www.uztel.ro**Explanatory Notes to Financial Statements
for Accounting Reporting on 31.03.2021**

Operating revenue	<u>3 months 2021</u> <u>lei</u>	<u>3 months 2020</u> <u>lei</u>
Total operating income, of which	6.430.127	9.847.532
Turnover	4.388.079	12.760.326
Income related to the cost of finished product stocks and production in progress	2.021.598	(853.688)
Income from operating subsidies for the payment of technical staff furlough	-	122.365
Other operating income	20.450	(2.181.471)
Operating expenses	<u>3 months 2021</u> <u>lei</u>	<u>3 months 2020</u> <u>lei</u>
Total operating expenses, of which:	8.648.365	15.023.289
Raw material and consumables costs	2.148.649	4.128.405
Other material expenses	66.968	264.828
Other external expenses (power and water)	635.351	1.102.302
The expenditures on goods	184	17.068
Trade discounts received	-	482
Expenses with employees	4.225.432	6.798.492
Value adjustments on tangible, intangible assets, real estate investments and biological assets evaluated at cost	587.113	639.826
Value adjustments on assets	984.668	2.072.850
Operating result	<u>3 months 2021</u> <u>lei</u>	<u>3 months 2020</u> <u>lei</u>
Total operating expenses, of which:	(2.218.238)	(5.175.757)
Raw material and consumables costs	6.430.127	9.847.532
Other material expenses	8.648.365	15.023.289

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

Financial income	<u>3 months 2021</u> <u>lei</u>	<u>3 months 2020</u> <u>lei</u>
Total financial income, from what:	56.473	102.301
Income from exchange rate fluctuations	55.522	92.516
Interest income	450	744
Other incomes	501	9.041
Financial expenditures	<u>3 months 2021</u> <u>lei</u>	<u>3 months 2020</u> <u>lei</u>
Total Financial expenses, of which:	237.210	370.158
Interest charges	125.920	264.248
Other financial expenses	111.290	105.910
Financial result	<u>3 months 2021</u> <u>lei</u>	<u>3 months 2020</u> <u>lei</u>
Total Financial expenses, of which:	(180.737)	(267.857)
Interest charges	56.473	102.301
Other financial expenses	237.210	370.158



UZTEL S.A.

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Explanatory Notes to Financial Statements for Accounting Reporting on 31.03.2021

INCOME TAX

The profit tax for the period 01.01.2021 – 31.03.2021 includes the current tax. Income tax is recognized in the statement of comprehensive income or in other components of comprehensive income, if the tax is attributable to equity.

Current income tax

Current tax is the tax payable on the taxable profit realized for the period 01.01.2021 – 31.03.2021, determined on the basis of the tax regulations applicable at the reporting date. The applicable corporate tax rate for the financial period from January 1, 2021 – March 31, 2021 was of 16%.

31 March 2021

	0 lei
	0 lei
Expenditure on current income tax	0 lei

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**Economic and Financial Keys
for Accounting Reporting on 31.03.2021
according to Annex no. 13.A of the A.S.F. RULE no. 5/2018**

Economic - Financial Keys	31 March 2021	31 March 2020
Current Liquidity (general) - Current Assets / Current Liabilities	1,81	1,76
Debt grade - Borrowed capital / Equity * 100	3,67	4,71
- Borrowed Capital / Employed Capital * 100	3,54	4,50
Turning Speed Flows - Clients – Receivables / Turnover * 90 days	111 days	78 days
Turning Speed of Fixed Assets - Turnover/Fixed Assets	0,12	0,32

Current liquidity - provides the guarantee of covering current debts from current assets. The recommended acceptable value is about 2.

Liability degree - Expresses the effectiveness of credit risk management, indicating potential financing and liquidity problems, with influences in meeting the commitments assumed.

The rate of rotation of debts - clients - expresses the effectiveness of the company in collecting its receivables, respectively the number of days until the debtors pay their debts to the company.

Speed of rotation of fixed assets - expresses the effectiveness of fixed asset management by examining turnover.

Board of Directors,
Through the President - Hagi Neculai

General Manager,
Anghel George Marinelo

Economic Director,
Popescu Ileana

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