



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

In reorganizare judiciara

In judicial reorganisation

En redressement

STANDALONE FINANCIAL STATEMENTS OF

the company UZTEL S.A. PLOIESTI

AS AT 31.12.2025

**PREPARED IN ACCORDANCE WITH THE PROVISIONS OF THE ORDER OF
THE MINISTER OF PUBLIC FINANCE NO. 881/2012 AND OF THE ORDER OF
THE MINISTER OF PUBLIC FINANCE NO. 2844/2016**



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Statement of Individual Financial Position for the financial year ended 31 December 2025

In LEI	Note	<u>31 December 2025</u>	<u>31 December 2024</u>
Long term Assets			
Tangible assets	10	68,554,818	71,738,887
Intangible assets	10	49,389	40,424
Total long term assets		<u>68,604,207</u>	<u>71,779,311</u>
Current assets			
Stocks	11	23,689,921	25,935,104
Trade receivables and other receivables	4	5,749,246	5,576,948
Cash and cash equivalents	4	1,385,726	1,336,242
Total current assets		<u>30,824,893</u>	<u>32,848,294</u>
Prepaid expenses		<u>8,054</u>	<u>10,350</u>
Total assets		<u>99,437,154</u>	<u>104,627,605</u>

EQUITY AND LIABILITIES

Capital and reserves				
Capital	5	13,413,648	13,413,648	13.
Reserves of share capital	5	3,453,860	3,453,860	3.
Reserves	5	71,297,244	71,297,244	32.
Reserve of period	6	(10,897,769)	(22,489,557)	(8.9)
Reserve carried forward	8	(38,903,730)	(38,903,731)	(9.0)
Capital		<u>38,363,253</u>	<u>49,261,021</u>	<u>40.</u>
Long term debts				
Liabilities	4	15,024,223	15,024,224	3.
	4	7,382,870	7,386,870	
Liabilities	4	16,226,179	16,226,179	5.
Liabilities	9	184,647	192,367	
Liabilities from income	4	676,288	782,820	
Long term liabilities	4	<u>39,494,207</u>	<u>39,608,460</u>	<u>9.</u>
Current liabilities				
Liabilities	4	922,992	578,380	12.
	4	0	0	8.
Liabilities	4	18,696,164	13,360,770	7.
Liabilities from income	4	1,960,538	1,818,974	5.
Current liabilities		<u>21,579,694</u>	<u>15,758,124</u>	<u>34.</u>
Liabilities		<u>61,073,901</u>	<u>55,366,584</u>	<u>44.</u>
Capital and liabilities		<u>99,437,154</u>	<u>104,627,605</u>	<u>84.</u>



Standalone statement of global result for the financial year ended 31 December 2025

In LEI	Note	31 December 2025	31 December 2024
Income	12	21,449,406	19,428,178
Income from operating subsidiaries	12	-	-
Other income	12	110,215	94,756
Other gains / (loss) - net	12	201,402	10,090
Income related to cost of inventories of finished goods and production in progress	12	(2,004,232)	(1,548,298)
Expenses with raw materials and consumables	12	(10,505,394)	(9,034,593)
Asset depreciation and amortization expenses	12	(3,247,343)	(12,705,262)
Employee benefits expenses	12	(13,573,124)	(14,364,789)
Expenses with outsourced services	12	(2,209,946)	(2,455,286)
Other expenses (including value adjustments)	12	(1,129,561)	(1,805,447)
Operating profit /(loss)	12	<u>(10,908,577)</u>	<u>(22,380,651)</u>
Financial income	12	310,263	157,327
Financial expenses	12	299,455	266,233
Profit / (loss) financial activity		<u>10,808</u>	<u>(108,906)</u>
Profit / (loss) before tax	6	<u>(10,897,769)</u>	<u>(22,489,557)</u>
Profit / (loss) of period - net	6	<u>(10,897,769)</u>	<u>(22,489,557)</u>
Total result of the period		<u>(10,897,769)</u>	<u>(22,489,557)</u>
Earnings per share	6	<u>(2,03)</u>	<u>(4,19)</u>
Number of shares	6	<u>5,365,459</u>	<u>5,365,459</u>



Standalone statement of changes in equity for the financial year ended 31 December 2025

In LEI

	Note	Share capital	Adjustments of share capital	Legal reserve	Reserves from revaluation	Other reserves	Result carried forward	Total equity
Balance at 01 January 2024		13.413.648	3.453.860	2.001.592	70.567.464	631.133	(18.317.119)	71.750.578
Reclassification of revaluation reserves to result carried forward	8	-	-	-	-	-	1.902.945	1.902.945
Result carried forward from correction of accounting errors		-	-	-	-	-	-	-
Net profit of period	6	-	-	-	-	-	(22.489.557)	(22.489.557)
Transfer between capital accounts		-	-	-	(1.902.945)	-	-	(1.902.945)
Balance at 31 December 2024		13.413.648	3.453.860	2.001.592	68.664.519	631.133	(38.903.731)	49.261.021

	Note	Share capital	Adjustments of share capital	Legal reserve	Reserves from revaluation	Other reserves	Result carried forward	Total equity
Balance at 01 January 2025		13.413.648	3.453.860	2.001.592	70.567.464	631.133	(38.903.731)	49.261.021
Reclassification of revaluation reserves to result carried forward	8	-	-	-	-	-	-	-
Result carried forward from correction of accounting errors		-	-	-	-	-	-	-
Net profit of period	6	-	-	-	-	-	(10.897.769)	(10.897.769)
Transfer between capital accounts		-	-	-	-	-	-	-
Reserves from revaluation of fixed means – buildings – revaluation report 31.12.2024		-	-	-	-	-	-	-
Result carried forward from calculation of ancillary obligations to budget – statement of affairs		-	-	-	-	-	-	-
Balance at 31 December 2025		13.413.648	3.453.860	2.001.592	68.664.519	631.133	(49.801.500)	38.363.253



Standalone statement of cash flow
for the financial year ended 31 December 2025

			31 December 2025	31 December 2024	31 December 2023	31 December 2022
		lei				
(10,892,526)	(22,489,557)	(9,407,257)	(8,916,275)			
-	-	-	-			
3,247,343	3,563,656	1,656,549	1,776,313			
-	18,700	484,091	285,904			
-	-	(539,574)	(154,042)			
-	-	-	-			
-	-	-	-			
-	(16,645)	(406,492)	(885,177)			
840	484	7,820	1,536			
15,168	(94,746)	11,656	262,247			
3,263,351	3,471,449	1,214,050	1,286,781			
(232,132)	(2,540,919)	(3,172,390)	(475,132)			
(2,296)	(8,377)	(3,370)	(202)			
2,438,864	12,579,664	802,117	3,256,062			
(480,934)	(1,948,297)	(336,478)	(2,990,559)			
(105,992)	(90,145)	(98,338)	(970,153)			
5,335,394	6,660,604	9,462,547	1,506,809			
6,952,904	14,652,530	6,654,088	326,825			
-	-	-	-			
-	(16,645)	(406,492)	(885,177)			
(676,271)	(4,382,223)	(1,945,611)	(8,187,846)			
(70,561)	(149,988)	(151,463)	(241,315)			
(70,561)	(149,988)	(151,463)	(241,315)			
796,316	5,229,179	2,630,620	8,176,126			
(3,355)	(3,355)	(389,070)	(1,005,938)			
796,316	5,232,534	3,019,839	9,182,306			
-	-	-	-			
-	-	(149)	(242)			
49,484	3,147,184	533,546	(253,035)			
1,336,242	639,274	105,728	358,763			
1,385,726	1,336,242	639,274	105,728			
49,484	696,968	533,546	(253,035)			

The financial statements have been approved by the Special Administrator - General Manager and authorized for issuance on 28.04.2026.



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2025

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

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

IAS 1.51 IFRS The financial statements have been prepared for the financial year ended 31.12.25.

The company was organized as a joint-stock company under Law no. 15/1990 *on the reorganization of state-owned economic agents into self-governing bodies* and on the basis of GD no. 1213/20 November 1990, published in the Official Gazette of Romania no. 13 bis / 21 January 1991, operating under Law no. 31/1990 on companies and its Articles of Association.

The company is registered with the Trade Register Office attached to the Prahova Court under no. J29/48/1991 and has CUI [taxpayer reference no.] - R01352846.

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

As of 22 May, 2008, the Company was admitted to trading on BVB category II under the symbol UZT. Currently UZT shares are not tradable.

In 2004, the Company was privatized under the PSAL I program, by transferring the shares held by the Romanian State to private shareholders, respectively by the sale by the Authority for State Assets Valuation of the Company's shareholding, equivalent to 76.8745% of the share capital at that date, to the consortium formed by the "UZTEL" Association and ARRAY PRODUCTS CO.LLC - USA.

Activity description

The company "UZTEL" S.A. Ploiesti was founded in 1904, with an experience of 120 years in the main field of business, i.e.: design, production, repair, sale on the domestic and international market of subassemblies, assemblies, oilfield equipment and plants, as well as the manufacture of forged parts and castings, spare parts for oil equipment, industrial machinery and others.

Since its foundation "Compania Romano - Americana" has been dedicated to the drilling, processing and distribution of oilfield products in Romania. The company was nationalized in 1948 and expanded its business by incorporating the activity of oil equipment repair.

In 1950 it was renamed "Uzina Teleajen" and became an entity independent of the refinery sector.

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

The company was established and registered with the Prahova Office of Trade Register on 15.02.1991 under no. J29/48/1991, with unique registration code RO 1352846 under the name S.C. UZTEL S.A. as a joint-stock company, a Romanian legal entity, with unlimited period of operation in accordance with the provisions of Law no. 31/1990 – Companies Law.

Until 1990 it was called "Intreprinderea de Utilaj Petrolier si Reparatii Teleajen", and then, on the basis of Law no. 15/1990, Law no. 31/1990 and GD no. 1213/1990 it was reorganized as a trade company, being registered as S.C. UZTEL S.A.

In 2004 the company was privatized as a result of the Sale Agreement no. 77/2004 entered into by and between A.V.A.A.S. Bucharest as a Seller and the Consortium formed by UZTEL Ploiesti Association and Array Products CO LLC as a Buyer.



The main objective of UZTEL S.A. Ploiesti is to continue the company's activity under the provisions of Law no. 85/2014 and to maintain the market share in terms of production efficiency by improving responsiveness to customer demands, diversifying the range of products and services offered, creating joint-ventures and opening sales offices in areas of interest in the field of activity in which it operates.

Decisions with immediate effect will generate visible and measurable effects in a short time, among which we can list:

- permanent auditing of the technological and logistic process in order to minimize production time and costs;
- implementing a "Change Management" program that will help to create and implement new visions, strategies and initiatives to sustain medium- and long-term actions;
- benchmarking (integration-outsourcing) of costs that do not affect the core business, as well as those that affect it to a small extent;
- optimizing the flow of decision-making information.

Permanent decisions on cost optimization and cost control generate visible and measurable effects in the regular activity of the company, among which we can list:

- operating costs are in a continuous process of optimization, production costs are regularly planned and controlled;
- staff restructuring based on functional categories and workload;
- reduction of indirect costs (security services, telephony, transportation, etc.):

The permanent decisions on boosting sales will generate visible and measurable effects in the company's activity, among which we can list:

- redefining the organization of the product range, concentrating on the most sought after products and keeping only fast moving products (for slow moving products no stocks are built up);
- comprehensive range of products and integrated services for the company's customers and initiating a service program through partners for external and internal customers;
- reorganizing the company's marketing strategy.

The permanent decisions regarding the optimization of all company processes have had and will have visible and measurable effects through the values of the company's key indicators, by reducing and streamlining costs and will allow managerial decisions to be made based on financial & accounting information updated in real time.

The central element of the commercial strategy consists in placing the customer at the center of the company's interests and maximizing the profitability potential of existing and potential clients and increasing the turnover and, implicitly, the sales volume of the company.

The company UZTEL S.A. is a viable and mobile economic system, in a continuous process of resizing, it is a redressable enterprise that has the ability to continue its productive activity.

The company has an integrated production with local design skills, applies high technologies in accordance with API specifications and EC standards. Environmental Quality and OHS departments, using procedures, ensure compliance with international standards ISO 14001-2015, ISO 45001-2018, ISO 9001-2015 and API specifications 6A, 16A, 16D.

UZTEL continuously maintains and improves its Integrated Management System: Quality according to ISO 9001:2015 and API Spec. Q1, Environmental Management System according to 14001 and OHS according to 45001. The systems certification is provided by GR Eurocert SRL Ploiesti and offers the certainty of the manufactured product quality in the context of environmental protection and creation of a safe and healthy environment at work.



2. BASIS OF PREPARATION OF STANDALONE FINANCIAL STATEMENTS IAS 1.112

a. *Statement of compliance with IFRS*

IAS 1.7 specifies that International Financial Reporting Standards include: International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations and SIC interpretations. These provisions imply that an entity will be able to include in its financial statements an explicit and unreserved statement of compliance with IFRS if it applies all the provisions of International Financial Reporting Standards, International Accounting Standards, SIC interpretations and IFRIC interpretations.

IAS 1.16 The Company has prepared the complete set of financial statements in accordance with the Order of the Minister of Public Finance no. 881/2012 and the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards.

These financial statements have been prepared on a going concern basis. Amounts are expressed in lei in all components of the financial statements.

The financial statements have been prepared using the standards and interpretations issued as of 31 December 2022, based on the accounting policies manual in effect at that date. As part of the transition to IFRS, the Company also prepared the financial statements required to provide comparative information for the financial year ended 31 December 2025.

For the preparation of the annual financial statements under IFRS, the Company has inventoried assets, liabilities and equity items and measured them in accordance with IFRS provisions.

The accompanying financial statements are based on the Company's statutory accounting records, adjusted and reclassified for fair presentation in accordance with IFRS.

Significant adjustments to the statutory financial statements relate to:

- grouping a number of accounts into more comprehensive statement of financial position items;
- preparation of notes to the financial statements and other presentation requirements under IFRS.

These financial statements have been prepared in accordance with the historical cost convention except as disclosed below in the accounting policies.

Uztel SA is not part of a group of entities under the control of a parent company, it is not in a consolidation perimeter and does not apply IFRS 10 - Consolidated Financial Statements.

The Special Administrator - General Manager undertakes responsibility for the preparation of the financial statements as at 31.12.2025 and confirms that they are in accordance with the applicable accounting regulations, and that the company is carrying out its business on a going concern basis under the provisions of Law no. 85/2014 on insolvency prevention and insolvency procedures, in the current economic and geo-political context that generates commercial and economic events impossible to anticipate.

b. *Evaluation basis*

IFRS require financial statements prepared on a historical cost basis to be adjusted for the effect of inflation, if significant (IAS 1.106), to include the revaluation of property, plant and equipment and adjusted in accordance with International Accounting Standard IAS 29 - Financial Reporting in Hyperinflationary Economies, by 31 December 2003. As from 1 January 2004, the Romanian economy is no longer considered hyperinflationary.

The company has not applied hyperinflationary accounting from that date.

The Company does not apply IFRSs issued and not effective as of 31.12.2024, it cannot estimate the impact of the non-application of these provisions on the standalone financial statements, but intends to apply these provisions once they become effective.

c. *Business continuity*

These financial statements have been prepared on a going concern basis.

By the application registered on 15.03.2023 with the Prahova Court under no. 1223/105/2023, Uztel S.A. requested the syndic judge to open general insolvency proceedings, following the Decision of the Board of Directors no. 54/13.03.2023. By the Resolution passed in the session dated 13.04.2023 in case file no. 1223/105/2023 scheduled with Prahova Court, the syndic judge ordered the opening of general insolvency procedure for the company Uztel



S.A. In the application filed, the company Uztel S.A. stated its intention to reorganize its activity, considering that it has the entire material basis necessary for the reorganization of the activity, having in this respect the required experience, reliable manufacturing technologies, orders, and qualified personnel, carrying out its activity for a long period of time, being in this respect known as a reference company nationally and internationally.

The main causes of insolvency were the following:

- Economic crisis and repeated tax changes affecting Romania between 2020 and 2025;
- Evolution of the international epidemiologic situation caused by the spread of SARS coronavirus - Cov-2, declaration of the pandemic by the World Health Organization and the establishment of a state of emergency on the territory of Romania and other countries;
- Conflict in Ukraine;
- Negative evolution of macroeconomic indicators (inflation, budget deficit, decrease in foreign investments, rising unemployment, energy crisis, oil crisis, etc.);
- Financial causes determined by the above factors, market conditions and the legislative framework have led to a major liquidity deficit which caused the company to go into payment default.

The Company's management has analyzed the forecasts regarding the future operational activity, highlighting, at least for the year 2025, a volume of revenues ensured both by the performance of existing contracts and the reasonable certainty of contracting new works.

UZTEL S.A. is one of the most important manufacturers of oil equipment, also providing repair services in this field, a field that has an unpredictable perspective in the current conditions in Romania, when large European and world companies will start the exploitation of new deposits of oil and natural gas.

UZTEL S.A. Ploiesti joins other large national and international oil companies that report commercial and financial results below expectations due to the volatility/instability of oil demand as the population is facing the effects caused by the post-pandemic of coronavirus, energy crisis and geo-political conflict on the country's borders. There is globally a surplus of oil reserves for which there is a significantly reduced demand due to the restrictions generated by the energy crisis and the sanctions imposed as a result of the geo-political conflict.

Based on the analysis made, the Special Administrator - General Manager confirms that the company will be able to continue its activity in the foreseeable future and, therefore, the application of the going concern principle is justified and appropriate for the preparation of the financial statements based on this principle, with the mention that the activity will be resized / compressed according to the requirements of the relevant market.

d. Functional and presentation currency

In accordance with IAS 1.51 the financial statements are presented in Lei (RON), which is also the functional and presentation currency. Unless otherwise specified, the financial information presented in lei has been rounded to the nearest unit.

e. Using estimates and judgment

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

Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised, as well as in future periods affected in accordance with IAS 1.125.

In accordance with IAS 36, both property, plant and equipment and intangible assets are reviewed at the balance sheet date for indications of impairment.

The most significant estimates and decisions that have an impact on the amounts recognized in the financial statements are estimates of the economic useful lives of tangible fixed assets (e.g. equipment), determination of the recoverable amount of tangible fixed assets involving a lease, estimation of adjustments for impairment of receivables, for the write-



down of old inventories and inventories not in use, provisions for risks and charges.

3. ACCOUNTING POLICIES

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

The Company presents information that allow users of its financial statements to evaluate the Company's objectives, policies and processes for managing capital.

In order to comply with IAS 1.134, the Company presents:

- qualitative information about its capital management objectives, policies and processes, including a description of what it manages as capital and how its capital management objectives are met;
- a summary of quantitative data;
- any changes since the previous period in respect of qualitative and quantitative information.

The company relies in its internal reporting on information provided by key management personnel according to IAS 1.135.

In the process of applying the Company's accounting policies, management has not made significant assumptions other than those involving estimates of adjustments for receivables, inventories and litigations already accrued (recorded) that do not have a material effect on the amounts in the financial statements.

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

In the process of applying the Company's accounting policies, management has made estimates for impairment adjustments for doubtful receivables and slow-moving and non-moving inventories that affect the amounts in the individual annual financial statements to modify previous years' amounts.

Distinction between current/non-current assets, respectively current/long-term debt

The Company presents current assets, non-current assets and current and non-current liabilities as separate classifications in the statement of financial position, unless a presentation based on liquidity provides information that is reliable and more relevant, in order of liquidity.

a. Foreign currency transactions

According to IAS 1.51 (d),(e) foreign currency transactions are expressed in RON by applying the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the year-end are expressed in RON at the exchange rate at that date. Realized and unrealized foreign exchange gains and loss are recognized in the profit and loss account of the year in accordance with IAS 21.

The official exchange rates used for the conversion of foreign currency balances at 31 December 2025 are as follows:

<u>Currency</u>	<u>31 December 2024</u>
1 Eur	5.0985 lei
1 US dollar	4.3417 lei

b. Financial instruments

Non-derivative financial receivables

Financial assets mainly include cash and cash equivalents, trade and other receivables and similar accounts, investments. The recognition and measurement of these items are disclosed in the respective accounting policies. Financial instruments are classified as loan receivables, payables or equity in accordance with the content of the contractual arrangement. The interest, dividends, gains and loss associated with a financial instrument classified as a liability are reported as an expense or income when they arise. Payments to holders of financial instruments classified in equity are recognized directly in equity.



The Company initially recognizes receivables on the date they are originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the trade date when the Company becomes a party to the contractual terms of the instrument.

The Company recognizes a financial asset when the contractual rights to the cash flows generated by the asset expire or when the rights to collect the contractual cash flows of the financial asset are transferred in a transaction in which the risks and rewards of ownership of the financial asset are substantially transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognized separately as an asset or liability.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position only when the Company has the legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Trade receivables

Trade accounts receivable and similar accounts include invoices issued and uncollected at the reporting date at nominal value and estimated receivables related to sales and services rendered, which are initially recognized at fair value plus directly attributable transaction costs. Subsequently, trade and similar receivables are carried at amortized cost less impairment losses. Amortized cost approximates nominal value. Final loss may vary from current estimates. Due to the inherent lack of information related to financial position of clients, estimates of probable loss are uncertain. However, the company's management has made its best estimate of loss and believes that this estimate is reasonable under the circumstances.

Impairment loss is reviewed at the date the financial statements are prepared to determine whether it is properly estimated. The impairment adjustment may be reversed if there has been a change in the conditions that existed when the recoverable amount was determined. An impairment adjustment may be reversed only to the extent that the net amount of the asset does not exceed its historical carrying amount.

Cash and cash equivalents

Cash includes cash at bank and in hand, current accounts and other cash equivalents. Cash balances denominated in foreign currencies are revalued at period-end exchange rates. Financing through the assignment/discounting of invoices issued to internal customers is an integral part of the Company's cash management, and is included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Short-term Financial Investments

The Company has no short-term financial investments as at 31.12.2025.

c. Non-derivative financial liabilities

The Company initially recognizes issued debt instruments and subordinated debt on the date they are originated. All other liabilities (including liabilities designated at fair value through profit and loss account) are initially recognized on the trade date when the Company becomes party to the contractual terms of the instrument.

The company recognizes a financial liability when contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount is presented in the financial statements only when the Company has the legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The company has the following outstanding financial debts: bank loans, trade debts and other payables.

Such financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition such financial liabilities are measured at amortized cost using the effective interest method.

d. Trade debts

Trade and other payables are initially recognized at fair value plus directly attributable transaction costs. Subsequently, they are recognized at amortized cost less impairment losses using the effective interest method. Amortized cost approximates nominal value.

Accounts payable to suppliers and other payables, recorded at amortized cost, include the value of invoices issued by suppliers of products, work performed and services rendered.

**e. Interest bearing borrowings**

Loans are initially recognized at fair value, net of transaction costs. Subsequent to initial recognition, interest-bearing borrowings are carried at amortized cost, with any difference between cost and redemption value being recognized over the period of the borrowings in the statement of comprehensive income on an effective interest rate basis.

Net financing costs include interest on borrowings calculated using the effective interest rate method, less expenses capitalized in capitalizable assets, interest receivable on invested funds, dividend income, favorable and unfavorable exchange rate differences, fees and risk commissions.

Interest income is recognized in the income statement of the year in which it arises, using the effective interest rate method. Dividend income is recognized in the income statement on the date the Company's right to receive dividends is recognized.

f. Share capital**Ordinary shares**

Ordinary shares are classified as part of equity. The additional costs directly attributable to the issue of ordinary shares and share options are recognized as a reduction of equity at the amount net of tax effects. Dividends relating to shareholdings (equity) determined in accordance with the Resolutions of the General Meetings of Shareholders are recognized as a liability in the period in which their distribution is approved.

g. Fixed tangible assets

Under IAS 16 property, plant and equipment are initially recognized at acquisition cost. Property, plant and equipment - buildings have been included in the financial statements at revalued amount at 31.12.2023, less accumulated depreciation and adjustments for impairment or impairment losses.

Historical cost includes expenditures that are directly attributable to the acquisition of those items. Property, plant and equipment includes land, buildings, structures, machinery and equipment, as well as other property, plant and equipment and property, plant and equipment in progress.

As from 1 May 2009 statutory reserves from the revaluation of fixed assets, including land, carried out after 1 January 2004, which are deducted in calculating taxable profit by means of tax depreciation or their expenses relating to assets disposed of and/or scrapped, shall be taxed at the same time as the deduction of tax depreciation, respectively at the time of the write-off of these fixed assets, as the case may be. Statutory reserves from the revaluation of fixed assets, including land, carried out up to 31 December 2003, plus the portion of the revaluation carried out after 1 January 2004, for the period up to 30 April 2009, shall not be taxed at the time of transfer to reserves representing the surplus realized from revaluation reserves, but at the time of the change in their destination.

Realized statutory reserves are taxable in the future, in the event of a change of use of the reserves in any form, in the event of liquidation, merger of the Company, including its use to cover accounting loss, except for the transfer, after 1 May 2009, of reserves related to valuations made after 1 January 2004.

Where parts of an item of property, plant and equipment have different useful lives, they are considered separate assets.

Tangible fixed assets that are scrapped or sold are removed from the statement of financial position together with the related accumulated depreciation. Gains or loss on disposal are equal to the net disposal proceeds (less disposal expenses) less the net carrying amount of the asset. They are recognized as income or expense in the income statement.

Where a fixed asset is reclassified as investment property, the property is revalued at fair value. Gains resulting from revaluation are recognized in the income statement only to the extent that there is a property-specific impairment loss and any remaining gains are recognized as other comprehensive income and presented within revaluation reserves in equity. Any loss is recognized immediately in the income statement. Subsequent costs are capitalized only when it is probable that the expenditure will generate future economic benefits for the Company. Repairs and maintenance are costs of the period.



The fair value of tangible assets has been established on the going concern basis.

The company was founded in 1904 and became a joint-stock commercial company under Law no. 15/1990 on the reorganization of state economic units as autonomous regias and companies and under GD no. 1213/20 November 1990. Throughout this period, the company has been engaged in uninterrupted production. UZTEL operates within a compact area of approximately 19 hectares in the industrial outskirts of Ploiesti, and the buildings and industrial halls it uses within this area are closely connected to the manufacturing process, from buildings - industrial halls for hot sectors (e.g., steel foundry buildings, cast iron and non-ferrous foundry, forge buildings, modeling building) to buildings - industrial halls for mechanical processing (e.g. - mechanical processing factory building, oil equipment manufacturing building) to buildings - assembly, testing, trial halls (e.g. - valve and equipment assembly building, painting - packaging building, assembly parts storage hall).

As at 31.12.2025 the company owns technological equipment, measuring, control and regulation installations, means of transport, furniture and office equipment with a net book value of 4,133,599 lei, with a life span of 2 to 22 years, used for industrial purposes, put into operation since 1970.

"The frequency of revaluations depends on changes in the fair values of revalued property, plant and equipment. If the fair value of a revalued asset differs significantly from its carrying amount, a new revaluation is required. Some items of property, plant and equipment undergo significant and fluctuating changes in fair value, requiring periodic revaluations. For items of property, plant and equipment whose fair values do not undergo significant changes in fair value, it is not necessary to revalue so frequently. Instead, it may be necessary to revalue the item concerned only once every three to five years".

The Company has elected in its accounting policies for the class of property, plant and equipment - buildings to apply IAS 16.34 and to perform the accounting revaluation of property, plant and equipment with sufficient regularity to ensure that the carrying amount does not differ materially from what would have been determined using fair value at the balance sheet date.

The company owns mainly old buildings, put into operation between 1921 - 1999 in which production activity is carried out (e.g.: material warehouse building - commissioned in 1921, prototypes building - commissioned in 1922, factory building - commissioned in 1925, modeling building - commissioned in 1933, office building - commissioned in 1935) with a life span of 24 to 60 years.

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

In accordance with the provisions of IAS 16.31 and IAS 16.34, the company has applied the professional judgment and accounting treatment for tangible assets in use (buildings, technological equipment, measuring, control and regulation installations, means of transportation, furniture and office equipment), considering that by their nature and purpose they do not have an active market, representing technological equipment, machine tools purchased on the basis of specific projects of the company's activity.

	lei		
	Net book value	Fair value	Differences
- Buildings and constructions			
Year 2011	37,848,508.91	33,181,183.00	-4,667,325.91
Year 2013	29,005,259.62	31,448,397.00	+2,443,137.38
Year 2022	10,267,592.74		
Year 2023	9,460,591.51	53,819,566.25	+44,358,974.74
Year 2024	48,647,898.25	-	-

Year 2025 = 46,094,493



History: The total net book value of buildings and constructions decreased due to depreciation in the period 2011 - 2013 by RON 8,843,249.29 and in the period 2013 - 2022 by RON 18,737,666.88, while the fair value in 2013 decreased compared to the fair value in 2011 by RON 1,732,786.00. As of 31.12.2023, the company has recorded in the accounting records the fair value entered in the Revaluation Report of the buildings - industrial halls owned by the company, report prepared by an ANEVAR member. As a result of this recording, as at 31.12.2023, the book value of the class of buildings - industrial halls increased compared to the net book value in the amount of 7,847,000.31 lei (inventory value from which the calculated depreciation was eliminated) by 41,932.081.69 lei, registering a fair value according to the revaluation report in the amount of 49,779,082 lei, an increase which was registered through the revaluation reserve account for buildings in amount of 41,932,423.39 lei and through expenses related to the revaluation of tangible fixed assets in amount of 341.70 lei.

- Technological equipment, technical installations, machinery, furniture and office equipment

	Net book value	Fair value	Differences
Year 2007	14,960,673.69	19,580,900.00	+ 4,620,226.3
Year 2022	6,436,927.15		
Year 2023	5,559,736.31		
Year 2024	4,810,375.59		
		Year 2025 = 4,116,844	

The total net book value of the technological equipment, technical installations, machinery, furniture and office equipment decreased on account of depreciation in the 2007 – 2025 period by 10,209,538.38 lei.

h. Depreciation

Property, plant and equipment are generally depreciated using the straight-line method over their estimated useful lives from the date of commissioning and are included in the company costs on a monthly basis. The useful lives (in years) used (fiscal) for property, plant and equipment are as follows:

	Life (years)
Buildings, constructions and special installations	25 - 60
Machinery and equipment	03 - 28
Measurement and control equipment	05 - 10
Vehicles	04 - 10
Other tangible fixed assets	03 - 20

Amortization of an asset ceases at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 and the date the asset is derecognized.

Assets under construction and land are not subject to depreciation. Investments in progress are depreciated from the time of commissioning. Residual asset values and useful lives are reviewed and adjusted if necessary at each statement of financial position date. If expectations differ from previous estimates, the change should be accounted for as a change in accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

The carrying amount of an asset is immediately written down to its recoverable amount if the carrying value exceeds the estimated recoverable amount.

i. Assets purchases under leasing

IFRS 1 does not include any exemption from retrospective application of IAS 17. Entities will need to analyze their leases at the date of transition to IFRS and classify them in accordance with IAS 17. Some operating leases may be reclassified as financial leases. In this case, the entity will recognize the leased asset at the date of transition to IFRSs with the corresponding amortization, the liability measured in accordance with IAS 17 and charge any difference to retained earnings.

In accordance with IAS 17 leases in which the Company assumes all the risks and rewards incidental to ownership are classified as financial leases. Property, plant and equipment acquired under finance leases are stated at the lower of market value and the present value of future lease payments, less accumulated depreciation and impairment losses. Lease payments are recorded in accordance with the accounting policy. Fixed assets acquired under finance leases are depreciated over their useful lives.

The company does not hold any assets acquired under finance leases as at 31.12.2024.

j. Intangible fixed assets

Intangible assets with fixed-term useful lives are amortized over their economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period for an intangible asset with a fixed-term useful life is reviewed at least at the end of each financial year. Changes in the expected useful lives or in the expected pattern of consumption of the future economic benefits embodied in the assets are accounted for by changing the amortization period, and are treated as changes in accounting estimates. The amortization expense for intangible assets with fixed-term useful lives is recognized in the income statement as an operating expense. In accordance with IAS 38, intangible assets are presented in the statement of financial position at revalued amount. Amortization is recognized in the income statement on a straight-line basis over the estimated useful life of the intangible asset. Expenditure relating to the acquisition of software licenses is capitalized on the basis of the cost of acquiring and commissioning the software. Costs associated with the development or maintenance of software are recognized as an expense when incurred.

Intangible fixed assets, according to generally accepted regulations, cannot be acquired through exchanges of assets, which are treated as special deliveries.

The company uses the following useful lives for intangible assets:

- Development expenditure	5 years
- Software licenses	3 years
- Antivirus license	1 year

The company applies the straight-line amortization method for intangible fixed assets held.

k. Inventories

According to IAS 2, inventories consist of raw materials and consumables, merchandise, spare parts, semi-finished and finished goods, packaging, and other materials. They are recorded on the date of their entry as inventories at the time of acquisition, at acquisition cost and are expensed or capitalized, as appropriate, at the time of consumption. The cost of stocks is determined on the basis of FIFO method. The stock keeping method is the **permanent inventory method**, the stock management is followed quantitatively and qualitatively (warehouse inventory and SIVCO Applications Integrated Computer Program - SVAP 2011). The value of work in progress and finished products includes the cost of direct materials, labor and indirect production expenses incorporated therein.

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

Inventory items are treated as stocks. The write-off is made in full when they are put into use, and their tracking is carried out off the books.

The valuation of the balance sheet at the end of the financial year is made by taking the stocks, with the differences (+ / -) resulting from the annual inventory.

l. Dividends

According to IAS 10, the Company can pay dividends only from the distribution of statutory profit, taking into account the financial statements prepared in accordance with Romanian accounting principles. Dividends are recognized as a liability in the period in which their distribution is approved.

m. Employee benefits

Under IAS 9, short-term employee entitlements include wages and social security contributions. Short-term employee entitlements are recognized as an expense at the time the services are rendered in the current operations. The Company makes social insurance payments to the Romanian State for the benefit of its employees. All the Company's employees are included in the Romanian state pension plan. Payments are recognized in the income statement together with payroll expenses. The Company has no other legal or implicit obligation to pay future benefits to its employees. Upon termination of employment, the company has no obligation to refund contributions made by former employees.

n. Provisions

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

Provisions are reviewed at the date of each annual financial report and adjusted so as to reflect the best current estimate of the Company's management in this regard. In the event that an outflow of resources is no longer probable to settle an obligation, the provision is reversed through income.

Provisions are not recognized for costs that are incurred in carrying out the activity in the future.

o. Revenues

Recognition of revenues

Revenue is measured in accordance with IFRS 15 - "*Revenue from trading with customers*".

Revenues include the fair value of the amount received or to be received from the sale of goods and services in the normal course of the company's activity. Revenue is presented net of value added tax, rebates and discounts.

The Company recognizes revenue when its amount can be measured reliably, when it is probable that it will produce future economic benefits to the entity, and when specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into account the type of customer, the type of transaction and the specific elements of each contract/order.

IFRS 15 establishes a five-step model for recognizing revenue arising from contracts with customers:

- Step 1: Identify the contract with a customer
- Step 2: Identify the payment obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue as the company fulfills a performance obligation.

In accordance with IFRS 15, revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to a customer.

Revenue from contracts with customers shall describe the transfer of goods and services to the customer, and the measurement shall reflect the consideration the entity expects to receive in exchange for those goods and services.

Income recognition is completed after the following five steps:

1. Identification of the contract with a customer

IFRS 15 requirements apply to contracts with customers that meet certain conditions. A contract is defined by the Standard as an agreement between two or more parties that gives rise to enforceable rights and obligations. An entity accounts for a contract with a customer only if the following conditions are met:

- a) the parties have approved the contract and agree to perform their obligations,
- b) the entity can identify the rights of each party to the transferred goods and services,
- c) the entity can identify the payment terms for the goods and services transferred,
- d) the contract has commercial substance (i.e. changes the risk, timing and amount of the entity's future cash flows),
- e) the entity is likely to collect the consideration to which it is entitled in exchange for the goods and services transferred to the customer.

Consideration received by an entity from a customer can be recognized as revenue only if one of the following events occurs:

- a) the entity no longer has any outstanding obligations to transfer goods or services to the customer and all or most of the consideration promised by the customer has been received and is non-refundable
- b) the contract has been performed and the consideration received from the customer is not returnable.

Any consideration received from a customer is recognized as a liability until the above conditions are met. A contract modification is treated as a separate contract (unless it gives rise to an additional obligation and its price reflects its price at the time of modification) or as an adjustment to the original contract, accounted for using the cumulative revenue adjustment method or the prospective revenue adjustment method, depending on the circumstances.

2. Identification of payment obligations in the contract / order

A contract/order includes obligations to transfer goods or services to a customer. An obligation to transfer a good or service is severable if it fulfills all of the following conditions:

- a) the customer can benefit from the transferred product or service separately or in combination with other resources at his disposal; and
- b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises set out in the contract/order.

In the case of contracts with customers where the sale of goods (mainly subassemblies, assemblies, oil machinery and equipment, castings and moldings, spare parts for oil equipment) is generally estimated to be the only performance obligation, the adoption of IFRS 15 is not expected to have any impact on the Company's revenues and profit or loss.

The company expects revenue recognition to occur at a point in time when control of the asset is transferred to the customer, i.e. upon delivery of the goods.

Some contracts / orders involve commercial price reductions or the right of return for quality defects. Currently, revenue from these sales is recognized based on the price specified in the contract, net of returns and allowances for revenue and trade discounts and allowances recorded on the accrual basis of accounting when a reasonable estimate of the revenue adjustment can be made.

However, because the contract periods for most contracts coincide with the calendar years for which the annual financial statements are prepared, and because the Company currently reports annual revenue from customer contracts/orders net of adjustments such as curtailments, the impact on retained earnings from the treatment of variable income as a result of adopting IFRS 15 is not material. At the same time, the cases of quality claims (rights to return) are isolated, so that the Company cannot make a reasonable estimate of such a reversal of income at the reporting date.

The Company is the principal in all contractual sales relationships, as it is the primary provider in all revenue contracts, has the right to negotiate price and is exposed to inventory and credit risk.

In accordance with IFRS 15, the assessment will be based on the criteria that the Company controls the specific goods before transferring them to the end customer, rather than whether they have exposure to significant risks and rewards associated with the sale of goods.

3. Determination of transaction price

The entity needs to determine the amount of consideration to which it expects to be entitled in exchange for the goods and services promised in the contract in order to recognize revenue. The price may be a fixed amount or may vary because of discounts or similar items. The transaction price is adjusted for the effect of the time value of money if that contract contains a foreign currency component.

The company renders various services such as sandblasting of parts, chrome plating or heat treatment of various parts as occasional activities. Revenue is measured at the fair value of the consideration received or receivable. In accordance with IFRS 15, the total consideration from service contracts will be allocated to all services based on their individual negotiated selling prices.

4. Allocation of transaction price for performance obligations in the contract / order

If a contract/order contains several separate obligations, the entity allocates the transaction price to each obligation in proportion to its individual price.

Sales of goods are recognized when the Company delivers products to customers. Delivery is deemed to have occurred when the goods have been shipped to the specified location, the risks of wear and tear and risk of loss have been transferred and the customer has accepted the goods in accordance with the sales contract/order.

5. Revenue recognition as the company satisfies a performance obligation

The entity shall determine for each performance obligation identified at the beginning of the contract/order whether it will be satisfied over time or whether it will be satisfied at a specific point in time.

Performance obligations fulfilled on time

Uztel SA transfers control over a product or service over time and, therefore, fulfills a performance obligation and recognizes revenue over time if one of the following criteria are met:

- a) the customer simultaneously receives and consumes the benefits of the performance by the entity as the entity performs,
- b) performance by the entity creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced.

Performance obligations fulfilled at a specific point in time

If Uztel SA fulfills the performance obligation at a specific time (such as, for example, the supply of goods with a clause of assembly, testing or commissioning at a specific time), in order to determine the specific time when the customer obtains control over a promised asset and Uztel fulfills a performance obligation, both the provisions on transfer of control and the indicators of transfer of control are analyzed, in particular the acceptance of the asset by the customer, which can be certified by signing the commissioning report or explicit acceptance of payment.

In the case of pre-delivery billing arrangements, in addition to the conditions mentioned above, all of the following criteria must be met in order for a customer to gain control of a product in a pre-delivery billing arrangement:

- the reason for the agreement with invoicing before delivery must be substantial (there must be a written request from the customer)
- the product must be ready for physical transfer to the customer on a current basis
- the entity delivering the product may not have the ability to use the product or assign it to another customer.

If there is an acceptance clause in the contract / order with a customer, then the time when a customer obtains control over a good or service is evaluated according to this clause.

Evaluation of progress towards the fulfillment of an obligation to perform in full

For each performance obligation fulfilled over time, the Company recognizes revenue over time by measuring the progress of that performance obligation toward completion. The purpose of measuring progress is to present the performance of the transfer of control over the promised goods or services to a customer (i.e. the fulfillment of the performance obligation by the supplier).

The recognition and measurement requirements of IFRS 15 are also applicable to the recognition and measurement of any gains or losses arising on the disposal of non-financial assets (such as fixed assets and intangible assets), when that disposal is not in the normal course of business. However, upon transaction, the effect of these changes is not expected to be material to the Company.

p. Leasing

The objective of IFRS 16 - "*Leases*" is to report information that:

- a) is a good representation of leasing transactions;
- b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

To accomplish this objective, the lessor shall recognize the assets and liabilities arising from a lease. Leases in which a significant portion of the risks and rewards associated with the property are assumed by the lessor are classified as operating leases. Operating lease payments (net of discounts granted by the lessor) are recognized in the profit and loss account on a straight-line basis over the lease period.

Leases of property, plant and equipment in which the company assumes all risks and rewards incidental to ownership are classified as financial leases. Financial leases are capitalized at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each payment is split between the principal and interest element to achieve a constant interest rate over the repayment period. Rental obligations, net of financing costs, are included in other long-term/short-term liabilities, split by maturity (over 1 year/under 1 year). The interest element related to financing costs is taken to the profit and loss account over the term of the contract in order to obtain a constant periodic rate of interest on the remaining balance of the obligation for each period. Tangible fixed assets acquired under financial leases are depreciated over the useful life of the asset.

As at 31.12.2024 the Company has no assets related to the rights to use the leased assets.

r. Profit tax

Profit tax is recognized in the profit and loss account unless it relates to equity items, in which case profit tax is recognized in the equity section. Current tax is the expected tax payable in respect of the taxable profit for the current year, using tax rates established by law at the reporting date, adjusted for previous years' adjustments.

Deferred income tax is calculated based on temporary differences. These are determined for assets and liabilities as the difference between the book value (FV) and the amount attributed for tax purposes (tax base BF).

Dividend tax is recognized at the same time as the liability to pay the related dividend is recognized.

The corporate income tax rate used to calculate the current corporate income tax was 16% at 31.12.2024.

The company has recognized the deferred tax receivable, which will be recovered to the extent that it becomes probable that future taxable profit will allow recovery of the deferred tax receivable.

Amendments to IAS 12 – Profit tax clarifies how to account for deferred tax on receivables measured at fair value.

The application of these amendments had no effect on the company's annual financial statements.

v. Earnings per share

In accordance with IAS 33, earnings per share is calculated by dividing the profit or loss attributable to equity holders of a company by the weighted average number of shares subscribed.



The weighted average number of shares outstanding during the year is the number of shares outstanding at the beginning of the period, adjusted by the number of shares in issue multiplied by the number of months the shares were outstanding during the year.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or variants are exercised, or that ordinary shares are issued upon the fulfillment of certain specified conditions. The objective of diluted earnings per share is consistent with that of basic earnings per share, i.e. to measure the interest of each ordinary share in the performance of an entity.

t. Implications of the new International Financial Reporting Standards (IFRS)

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU.

Currently, IFRS as adopted by the European Union do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards, amendments to existing standards and new interpretations that have not been endorsed for use in the EU at the date of publication of the financial statements (the effective dates mentioned below are for IFRS issued by the IASB):

- *IFRS 14 Amendment Accounts for Regulatory Activities* - the standard is effective for annual periods beginning on or after 1 January 2016. The European Commission has decided not to issue the endorsement process for this interim standard and to await the issuance of the final standard,

- *IFRS 16 Leases - adopted by the EU on 31 October 2017* (effective for annual periods beginning on or after 1 January 2019). Under IFRS 16 the lessee recognizes a right of use and a lease liability. The right-of-use is treated similarly to other non-financial assets and depreciated accordingly. The lease liability is initially measured at the amount of the lease payments due under the lease terms, reduced to the lease rate implicit in the lease, if that can be readily determined. If that interest rate cannot be determined, the lessee will use its interest for the loan. As with IFRS 16's predecessor, IAS 17, parties classify leases as operating or finance leases. A lease is classified as a 'finance lease' if it transfers all the risks and rewards of ownership. Otherwise, a lease is classified as an operating lease. For finance leases, the lessor recognizes revenue over the lease term based on a model that reflects a constant periodic rate of return on the net investment. A lessor recognizes lease payments under an operating lease as revenue on a straight-line basis or, if considered more representative, based on the extent to which the benefits from the use of the asset diminish. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. IFRS 16 replaces existing guidance on leases, including IAS 17 Leases, *IFRIC 4 Determining the extent to which an arrangement contains a lease*, SIC-15 Operating Leases - Leases - Incentives and SIC-27 Evaluating the economic substance of transactions involving the legal form of a lease. Earlier adoption is permitted for entities that apply IFRS 15 on or before the date of initial application of IFRS 16. The standard eliminates the current dual accounting model for lessees and requires companies to show most leases on the balance sheet in a single model, eliminating the distinction between operating and finance leases. Under IFRS 16, a contract is or contains a lease if it confers the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires the lessee to recognize a right to use the asset and a lease right. The right-of-use asset is depreciated and the liability generates interest. This will result in higher expenses at the beginning of the lease, even if the lessee pays constant rents. The lessee's liability remains largely unaffected by the introduction of the new standard, and the distinction between operating and finance leases will be maintained.

The Company has no leases in place and there are no implications from the application of this standard.

- *IFRS 17 Insurance Contracts* - applicable for annual periods beginning on or after 1 January 2021,

- *Amendments to IFRS 3 Business Combinations - Definition of an Entity* - applicable to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after that period,

- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures* - Sale of or Contribution of Assets between an Investor and its Associates or Joint Ventures and subsequent amendments (the effective date has been postponed indefinitely until the research project on the equity method is completed),

- *Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Materiality* - applicable for annual periods beginning on or after 1 January 2020,



- *Amendments to IAS 19 Employee Benefits* - modifying, curtailing or settling the plan - applicable for annual periods beginning on or after 1 January 2019. The amendments shall use the updated assumptions from this reassessment to determine the current service cost and net interest for the remaining reporting period after the modification of the plan.
- *Amendments to IAS 28 Investments in Associates and Joint Ventures* - Long-term Interests in Associates and Joint Ventures - applicable for annual periods beginning on or after 1 January 2019 - Long-term Interest in Associates and Joint Ventures - The amendments have been introduced to clarify that an entity applies IFRS 9 by including its requirements for impairment, term interest in an associate or joint venture but to which the equity method is not applied. The amendments also remove paragraph 41 because the Board considered that it reiterated the requirements in IFRS 9 and created confusion about the accounting for long-term interest.
- *Amendments to IFRS 9 Financial Instruments - Amendments to the contractual cash flow statement following the reform of the interest rate benchmark - adopted by the EU on 13 January 2021* - applicable for annual periods beginning on or after 1 January 2021,
- *Amendments to various standards due to IFRS Improvements (2015- 2017 cycle) resulting from the annual IFRS improvement project (IFRS 3, IFRS 11, IAS 12 and IAS 23)* with the main purpose to eliminate inconsistencies and clarify certain wording - applicable for annual periods beginning on or after 1 January 2019. The amendments clarify that: an enterprise re-measures its previously delimited interest in a joint operation when it obtains control of the business (IFRS 3); an enterprise does not re-measure its previously delimited interest in a joint operation when it obtains joint control of the enterprise (IFRS 11); a company accounts for all the income tax consequences of dividends in the same way (IAS 12); and an enterprise treats, as part of general borrowing, any initial borrowing made to develop an asset when the asset is ready for its intended use or sale (IAS 23).
- *Amendments to IAS 39 Financial Instruments: Recognition and Measurement* - adopted by the EU on 13 January 2021 - effective for annual periods beginning on or after 1 January 2021.
- *Amendments to IFRS 7 Financial Instruments: additional disclosures on interest rate benchmark reform* - adopted by the EU on 31 January 2021. An entity shall apply these amendments to IFRS 9, IAS 39, IFRS 4 or IFRS 16.
- *Amendments to IFRS 4 Insurance Contracts* - endorsed by the EU on January 13, 2021 - effective for annual periods beginning on or after 1 January 2021.
- *Amendments to IFRS 16 Leases* - applicable for annual periods beginning on or after 1 January 2021.
- *IFRIC 23 Uncertainties in Respect of the Income Tax Treatments* - adopted by the EU on 23 October 2018 (applicable for annual periods beginning on or after 1 January 2019). It may be unclear how the tax law applies to a particular transaction or circumstance or whether a tax authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current tax and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for deferred tax.
- *IFRS 13 Fair Value Measurement* - The standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value - effective 1 January 2013.
- *IFRIC 20 Discovery Costs at the Production Stage of a Surface Mine* - effective from 1 January 2023.

The adoption of these new standards, amendments and interpretations of existing standards did not result in material changes to the Company's financial statements.

Reconciliation between IFRS and accounting policies for previous financial years

As at 31.12.2012, Uztel SA reconciled IFRS with local accounting policies applicable to previous financial years.

The financial statements for 2012 are the first financial statements that the company prepared in accordance with IFRS adopted by the EU, as required by the OMFP 1286/2012.

For the year ended 31.12.2010 and 31.12.2011, the company prepared standalone financial statements in accordance with OMFP 3055/2009.



The Company prepared financial statements in accordance with IFRS, as adopted by the EU, applicable for the financial years ended 31.12.2012, as well as comparative data as at the year-end 2011, i.e. 31.12.2011. For the preparation of these financial statements the opening statement of financial position as at 01 January 2011, the date of transition, was prepared.

No reconciliation of the comprehensive result under IFRS 1 with the comprehensive result determined by OMF 3055/2009 was performed, as no differences were identified between the comprehensive result determined in accordance with the local accounting principles applied for previous accounting periods and the comprehensive result determined under IFRS.

Application of ESEF for issuers listed on the Romanian regulated market

The Council of the Financial Supervisory Authority decided on 17 March 2021 to approve the Regulation on the obligation of issuers whose securities are admitted to trading on a regulated market of the annual financial reports in the single electronic reporting format, following the completion of the public consultation period and in view of the publication in the Official Journal of the EU No. L68 of 26.02.2021 of the Regulation (EU) 2021/337 of the European Parliament and of the Council of February 16, 2021 amending Regulation (EU) 2017/1129 as regards the EU Recovery Prospectus and specific adjustments for financial intermediaries and Directive 2004/109/EC as regards the use of the single electronic reporting format for annual financial reports, in order to support the recovery from the Covid-19 crisis.

u. Determination of fair values

Certain accounting policies of the Company and disclosure requirements require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes using the methods described below. Where appropriate, additional information about the assumptions used in determining fair values is disclosed in the notes specific to the asset or liability.

1 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of discounted future cash flows using a market specific funding rate at the financial reporting date. This amount is determined for information purposes.

2 Interest-bearing loans

The fair value of these investments is estimated as the present value of the future cash flows, representing principal and interest, discounted using a market specific funding rate at the reporting date. This value is determined for information purposes.

3 Fixed tangible assets

The fair value of these items was established following a revaluation performed by an independent appraiser, member of ANEVAR, using the comparison method for land and the capitalization method for buildings and constructions.

The determination of the fair value of fixed assets in the class "Buildings" was carried out as at 31.12.2023 by an ANEVAR authorized appraiser, using the cost approach, the method being in accordance with SEV 430 - Valuations for financial reporting. For purposes other than use in the financial statements, fair value may differ from market value. In view of the physical characteristics, degree of specialization, technical condition, age and other aspects of the buildings/constructions, necessary and sufficient data similar to the assets valued by the report could not be identified on the real estate market. Under these circumstances, the market approach and the income approach could not be applied in the analysis and valuation process.

The determination of the fair value of fixed assets in the nature of "Technological equipment, measuring, control and regulating equipment, means of transport, furniture and office equipment" was carried out by an ANEVAR authorized appraiser on 31.12.2007, using the net replacement cost method. There is not sufficient information on the market about sales of similar assets, but there is market information on costs and accumulated depreciation. Thus, the recorded value is the higher of its value in use and its fair value less costs to sell.



IFRS 13 establishes a fair value hierarchy whereby the inputs used in fair value measurement techniques are categorized into three levels.

Fair values have been determined for measurement and disclosure purposes based on the methods described. Where appropriate, additional information about the assumptions used in determining fair value is disclosed in the notes specific to the asset or liability.

The Company believes that the level at which the fair value measurements of property, plant and equipment are categorized in the fair value hierarchy is level 2, based on the following:

- condition, location and equipment of the asset;
- estimate of the physical, functional and external depreciation of the asset and adjustment of the gross replacement cost in order to obtain the net replacement cost.

Comparative situations

For each item in the balance sheet, the profit and loss account and, where applicable, the statement of changes in equity and the statement of cash flows, the amount of the corresponding item for the previous financial year is presented for comparability.

Correction of accounting errors IAS 8

If the company recognizes errors made in accordance with previous generally accepted accounting principles, the reconciliations made should reflect the correction of such errors by the accounting policies. When recording transactions related to the correction of accounting errors, the provisions of IAS 8 apply.

Accounting policies have been consistently applied by the company in accordance with IAS 1.134-135.

According to IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*", accounting policies are the specific principles, rules, conventions, assumptions and practices applied by the company in preparing and presenting financial statements. It provides that a voluntary change in an accounting policy may be made only if the change is required by a Standard or an interpretation and results in financial statements that provide more reliable and relevant information about the effects of transactions, other events or conditions on the financial position.

The Company did not apply the provisions of IAS 8.28 on changes in accounting policies in 2025.

4. RISK MANAGEMENT

By the nature of its activities, the Company is exposed to a variety of risks including: credit risk, interest rate risk, liquidity risk, currency risk, market risk and social risk related to labor force. Management seeks to minimize the potentially adverse effects associated with these risk factors on the Company's financial performance by maintaining an adequate level of capital and earnings.

For a good risk management and with a view to establish new methods to manage the level of risk, specific procedures and rules are continuously updated and improved by each department, to the extent that it is considered at a given moment that the Company is exposed by the activities of that department based on the rules existing at that time.

The appropriate persons within the Company shall continuously monitor the effectiveness of risk assessment policies and procedures, the extent to which the Company and relevant persons comply with risk management procedures, methods and mechanisms, and the effectiveness and appropriateness of the measures taken to resolve any irregularities. The performance indicators are continuously monitored to ensure that they are within acceptable limits. The company management also verifies daily the production, marketing and financial activity of the company.



Credit risk

The company is subject to a credit rating due to its trade and other receivables.

	Financial year ended	Financial year ended
	<u>31 December 2025</u>	<u>31 December 2024</u>
	(lei)	(lei)
Trade and other receivables	5,749,246	5,566,597

For other types of transactions, when the amounts are significant, credit references are normally obtained for the top new customers, the due date of the receivables is closely monitored and amounts not collected by the negotiated deadlines are subject to reminders and notifications sent to the company's internal and external customers.

Thus, the following balance sheet items exposed to credit risk have been identified and categorized into the following exposure classes:

- Claims on local governments: budgetary claims;
- Receivables from financial institutions and institutions;
- Receivables from companies: advance payments to companies;
- Other items: corporate fixed assets.

The value at risk of an asset is its book value and is identified on the basis of documents provided by the Accounting Department.

▪ **Trade and other receivables**

As at 31 December 2025, the receivables of the company are as follows:

Statement of Receivables as at 31.12.2025			lei
RECEIVABLES	Balance at 31.12.2025	Liquidity term	
		under 1 year	over 1 year
0	1=2 + 3	2	3
Total, out of which:	5,749,246	4,968,039	781,207
Internal customers	3,599,324	3,599,324	-
External customers	640,757	-	640,757
Uncertain customers, disputes	609,472	-	609,472
Salary advances	-	-	-
Suppliers debtors	377,831	377,831	0
Debtors	444,146	444,146	-
Other receivables (VAT not recoverable; Expenditure recorded in advance and Settlements from operations in the course of clarification)	546,738	546,738	-
Impairment adjustments on trade receivables	-469,022	-	-469,022



The amount of 546,738 lei registered in the account "other receivables" refers to the amounts resulted from account 4428 (VAT not recoverable) = 379,237.71 lei; account 4382 (other receivables - sick leave) = 157,927 lei; account 471 (advance expenses) = 2,016.29 lei and account 4412 (deferred income tax) = 7,557 lei.

Analysis of trade and other receivables outstanding at the end of the period, that are not impaired IFRS 7.37(a), in terms of age

Trade and Other Receivables	Balance as at	of which outstanding		
	31.12.2025	31-90 days	91-120 days	> 120 days
1. Internal customers	3,599,324	-	3,599,324	-
2. External customers	640,757	-	-	640,757
3. Uncertain domestic customers	609,472	-	-	609,472
4. Adjustments for impairment	(469,022)	-	-	(469,022)
5. Suppliers debtors	377,831	-	377,831	-
Net receivables	4,758,418	-	3,977,155	781,207

	Financial year ended <u>31 December 2025</u> (lei)	Financial year ended <u>31 December 2024</u> (lei)
Debts	60,12,965	52,572,422
Provisions for risks and expenses	184,647	192,367
Deferred revenue	676,288	782,800
Total liabilities	61,073,902	55,366,583

**Trade and other payables**

At 31 December 2025, the liabilities of the company are as follows:

Accounts payable at 31.12.2025				lei
DEBTS	Balance at 31.12.2025	Due date		
		under 1	1-5 years	over 5 years
0	1 = 2 + 3 + 4	2	3	4
Total, out of which:	61,073,902	21,579,694	39,494,208	-
Amounts owed to credit institutions	7,382,870	-	7,382,870	-
Advances received on account of orders	1,960,538	1,960,538	-	-
Trade payables - suppliers	15,947,216	922,992	15,024,223	-
Other debts, including tax and social insurance debts	34,922,343	18,696,164	16,226,180	-
Provisions and deferred income	860,935	-	860,935	-

The amount of 34,922,343 lei recorded in the account "Other debts, including tax debts and social security debts" refers to:

- amounts from account 462 (sundry creditors) = 529,113 lei;
- account 457 dividends = 1,007,874 lei;
- total salary debts 1,370,871 lei, of which outstanding salary receivables included in the preliminary table of receivables published in BPI no. 10429/19.06.2023 in amount of 403,500 lei;
- amounts resulting from the payment of salaries (guarantee fund, salary deductions, claims related to staff = 491,395 lei;
- local budget debts = 2,213,053 lei (company taxes and duties)
- total budget debts = 29,310,035 lei, of which outstanding budget debts amounting to 15,024,224 lei, amounts entered in the preliminary table of claims published in BPI no. 10429/19.06.2023.

The international financial crisis that was also experienced in Romania, the pandemic generated by the SARS - CoV.2 coronavirus and the restrictions imposed by the European Union, Russia and Belarus, as a result of the war in Ukraine, had a negative impact on the energy system and economic chains, leading implicitly to the impairment of normal functioning of economic and financial activities, with direct impact on financial mechanisms, all these representing social, commercial, economic and financial phenomena and aspects independent of the company, which cannot be controlled by it.

By the application registered on 15.03.2023 with the Prahova Court under no. 1223/105/2023, Uztel S.A. requested the syndic judge to open the general insolvency proceedings, following the decision of the Board of Directors of Uztel S.A. no. 54/13.03.2023.

Uztel S.A. expressed its intention to reorganize the activity, considering that it has the entire material basis required to reorganize the activity, having in this regard the necessary experience, reliable manufacturing technologies, orders, and qualified personnel, carrying out its activity for a long period of time, being in this sense well-known nationally and internationally.



By the Resolution passed in the session of 13.04.2023 in case file no. 1223/105/2023 scheduled with the Prahova Court, the syndic judge ordered the opening of the general insolvency proceedings against Uztel S.A. Ploiesti.

lei

Trade and other Payables	Balance at	of which outstanding		
	31.12.2025	31-90 days	91-120 days	> 120 days
1. Internal suppliers	14,046,319.29	358,787.68	548,285.81	13,123,326.00
2. External suppliers	1,900,897.47	-	-	1,900,897.00
3. Creditor customers	1,960,538.47	-	1,960,538.47	-
Net debts	17,907,755.23	358,787.68	2,508,824.28	15,024,223.00

From the total amount of 17,907,755.23 lei representing commercial debts, outstanding commercial debts in amount of 15,024,223.00 lei were entered in the preliminary table of claims published in B.P.I no. 10429/19.06.2023 in the category unsecured debts.

Bank loan guarantee:

The bank loans granted under contracts no. 7793/4 and 7793/5 dated 23.01.2019 are secured by real estate mortgages. The most recent valuation for banking purposes was carried out in April 2023 by Terraval Valuation and Property Management SRL, an authorized appraiser, accredited member ANEVAR, the market value of the mortgaged real estate being 31,337,661 lei.

For these mortgaged properties, an insurance policy series CCPJ no. 24062622191 of 20.06.2024 was taken out, valid from 23.06.2024 until 22.06.2025 (for the insured amount of 25,729,790 lei).

In June 2019, the real estate collateral was supplemented by real estate mortgage contracts authenticated with the deeds no. 2431 and no. 2433 dated 27.06.2019, with the following land / access roads:

- land located in Ploiesti, 243 Mihai Bravu St, Prahova county, with an area of 10,451 square meters, with cadastral number 125199, registered in the Real Estate Register no. 125199;
- land located in Ploiesti, 243 Mihai Bravu St, Prahova county, with an area of 8,131 sq.m, with cadastral number 125189, registered in the Real Estate Register no. 125189.

This additional guarantees granted to the bank arose from the increase of the working capital ceiling granted to the company by Addendum no. 1 / 27.06.2019 to the contract no. 7993/5 of 23.01.2019.

Interest rate risk

The Company's operating cash flows are affected by changes in interest rates. The Company does not use financial instruments to hedge against interest rate fluctuations.



In reorganizare judiciara

In judicial reorganisation

En redressement

	Financial year ended	Financial year ended
	<u>31 December 2025</u>	<u>31 December 2024</u>
	(lei)	(lei)
Interest paid	0,00	16,646

Liquidity risk

Prudent liquidity risk management involves maintaining cash in lei and foreign currency in the accounts of bank availabilities according to the cash flows of the company.

	Financial year ended	Financial year ended
	<u>31 December 2025</u>	<u>31 December 2024</u>
	(lei)	(lei)
Cash and cash in hand	1,385,726	1,336,242
Total cash and equivalents	1,385,726	1,336,242

The liquidity of the banking system was not sufficient for the economic needs, the national currency depreciated, the interbank interest rates had a downward trend. Consequently, market risk and liquidity risk increased greatly during 2020-2025, thus affecting the activity of the company.

Currency risk

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

	Financial year ended	Financial year ended
	<u>31 December 2025</u>	<u>31 December 2024</u>
	(lei)	(lei)
Result from exchange rate differences	10,808	(94,746)

Market risk

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

The uncertainties on the international financial markets have also had a significant impact on the Romanian market. These have had a twofold influence on the company: a decrease in the assets held and in the volumes of activity. At present, the full impact of the current financial crisis is impossible to fully anticipate and prevent.



Management is unable to reliably estimate the effects on the Company's financial position of the further decline in the liquidity of financial markets and the increased volatility of the national currency exchange rate 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 through a decrease in production (low demand), a decrease in revenues and an increase in stocks of finished products (available for rental to customers). The majority of 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:

- Procurement of new oil equipment and machinery with reduced investment budgets;
- Rental of oil equipment and machinery with reduced investment budgets.

The decrease in the sales volume was determined by the reduction in the volume of contracts and orders at the company level in the context of evolution of the international and national post-epidemiologic situation of the SARS-CoV-2 coronavirus spread, in conjunction with fluctuations in the oil price per barrel.

The evolution of the international epidemiological situation caused by the spread of the SARS-CoV-2 coronavirus in more than 150 countries, as well as the declaration of the pandemic by the World Health Organization on 11.03.2020 and the Presidential Decrees on the establishment of the state of emergency and alert state on the territory of Romania, and the extension of the alert state throughout 2021 have caused social, commercial, economic and financial phenomena and issues that are independent of the company and cannot be controlled by it, which have inevitably led and will inevitably lead to an unavoidable negative impact on the volume of orders and commercial contracts for 2025, the realization of the planned budget indicators.

Any market survey that would be carried out by the company at this time cannot provide accurate information on the sale of manufactured stock.

The demand for the products produced by UZTEL SA Ploiesti is currently more elastic than stable, because the preferences and orientations of consumers (internal and external customers), fluctuations in the oil barrel price and investment budgets of major oil companies and the size of the supply of competitors are unpredictable. As a result, the company is currently facing instability in the demand for oil equipment, sales and the oil barrel price, which have led to fluctuations in the volume of sales on the domestic and international markets and, consequently, in the cash flows generated by its operating activity.

The Company management has analyzed the forecasts regarding the future operational activity, highlighting, at least for the period 01.01.2025 - 31.12.2025, a volume of inflows ensured both by the performance of existing contracts, but also by the reasonable certainty of contracting new works.

During 2025, the company faced difficulties in securing the volume of orders necessary to carry out its activities in the context in which the international and domestic markets were strongly affected by possibly the worst crisis in the last 100 years. The effects of the crisis have created knock-on difficulties in terms of:

- managing the post-pandemic coronavirus situation and containment measures;
- change in oil prices;
- drastic drop in demand for oil equipment;
- the company's business of selling / bidding is hampered by: the worldwide halt of oil equipment tenders, the volatile oil price, the price cuts demanded by the large national and international drilling companies, the breaking of the supply-selling chains of national and international companies.

All of this has led to a drastic reduction in investment spending in the extraction and drilling sector and has had a negative impact on the activity of equipment manufacturing companies, leading to a significant drop in turnover.



Operational risk

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

Operational risks arise from all operations carried out by the company. The main responsibility for managing operational risks lies with the company's management, which has identified and controlled a number of operational risks in order not to affect the company's ability to continue as a going concern, i.e.:

- providing products and services according to the explicit and implicit quality requirements of the customers by organizing, planning and permanent monitoring of orders / commercial contracts;
- improving human resources management by minimizing the risks related to the lack of qualified staff and by maintaining and developing the professional skills of all employees.

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

5. EQUITY

Share capital

The share capital of UZTEL S.A. registered on 31 December 2025 a value of 13,413,647.50 lei, being divided into 5,365,459 shares with a nominal value of 2.50 lei.

Based on the evidence available at the Central Depository S.A. according to address no. 12178 of 17.04.2025, the situation of the holders of shares on 31.12.2025 is as follows:

Share	Number 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

All the shares are common, have been subscribed and are fully paid at 31 December 2025.

All shares have the same voting rights and have a nominal value of 2.50 lei.

Legal reserves

Legal reserves are established in accordance with the statutory financial statements and may not be distributed. The company transfers to the legal reserve at least 5% of the annual accounting profit until the cumulative balance reaches 20% of the paid-in share capital. When this level has been reached, the company may make additional allocations from net profit only.

At 31 December 2025, the Company has legal reserves in amount of 2,001,592 lei.



	Financial year ended <u>31 December 2025</u> (lei)	Financial year ended <u>31 December 2024</u> (lei)
Legal reserves	2,001,592	2,001,592

As at 31.12.2025, the company has not constituted a legal reserve.

Other reserves

	Financial year ended <u>31 December 2025</u> (lei)	Financial year ended <u>31 December 2024</u> (lei)
Other reserves	631,133	631,133

In accordance with IAS 1.79 (b) the company has recorded in the individual statement of changes in equity capital under the caption "**Other reserves**" the amount of 631,133 lei representing the fiscal facility for corporate income tax according to the legislative provisions in force at the date of incorporation (31.05.2004) - Law 416/26 June 2002.

Revaluation reserve

The revaluation reserve amounts to RON 68,664,518.91 as at 31 December 2025 and comprises the revaluation reserves resulting from the revaluations carried out by independent appraisers on:

- buildings - revaluations carried out on 31 December 2007, 31 May 2011 and 31 December 2013;
- buildings - industrial halls - revaluation carried out on 31 December 2023;
- technological equipment, technical installations, machinery, furniture and office equipment - revaluation carried out on 31.12.2007.

	Financial year ended <u>31 December 2025</u> (lei)	Financial year ended <u>31 December 2024</u> (lei)
Revaluation reserves	68,664,519	68,664,519

History: The revaluation reserve decreased in 2024 by the amount of 1,902,945 lei through revaluation surplus and reserves entered in the tax register, as follows:

- the amount of 1,902,945 lei representing capitalization of revaluation surplus for tangible fixed assets

The revaluation reserve was increased in 2023 with the amount of 41,932,423.39 lei representing the difference between the net book value and the fair value according to the revaluation report at 31.12.2023 of the buildings - industrial halls.



6. PROFIT/LOSS FOR THE PERIOD

Profit/loss for the period

At the end of the financial year 2025 the Company recorded the following results:

- **Gross result from operating activities** recovered from (22,489,557) lei as at 31.12.2024 to (10,897,769) lei as at 31.12.2025, i.e. a significant improvement compared to the same period of 2024;
- **Gross result from financial activity** increased from (108,906) lei as at 31.12.2024 to 10,808 lei as at 31.12.2025, i.e. a significant increase compared to the same period of 2024;
- **Gross / net result of the financial year** decreased from (22,489,557) lei as at 31.12.2024 to (10,897,769) lei as at 31.12.2025, i.e. a significant improvement compared to the same period of 2024.

Although the global crisis that affected the oil sector had negative repercussions on the production of Uztel S.A. (turnover in 2025 increased compared to 2024 by 10.40%), the company management has made efforts to carry out the activity in conditions of continuity.

	Financial year ended <u>31 December 2025</u>	Financial year ended <u>31 December 2024</u>
	(lei)	(lei)
Net result (lei)	(10,897,769)	(22,489,557)
Ordinary shares	5,365,459	5,365,459
Earnings per share (lei)	(4.19)	(4.19)

Dividends

In 2024 the Company made quarterly payments totaling 0.00 lei, representing net dividends due to shareholders for the years 2003, 2005, 2006, 2007 and 2008, as follows:

a) Payments Quarter 1	lei 0.00
b) Payments Quarter 2	0.00
c) Payments Quarter 3	0.00
d) Payments Quarter 4	0.00

On 31.12.2025 Uztel SA recorded in the account 457 (Dividends due) the amount of 1,007,874.37 lei representing dividends due to the shareholders for the years 2003 - 2008, the amount which was entered in the preliminary table of claims published in B.P.I no. 10429/19.06.2023.

The company has not constituted and has not paid any dividends for the period 2011 - 2025.

**7. CORPORATE TAX**

	Financial year ended <u>31 December 2025</u> (lei)	Financial year ended <u>31 December 2024</u> (lei)
Gross accounting result	(10,897,769)	(22,489,557)
Items treated as income	-	1,902,849
Legal reserve	-	-
Non-taxable income	(8,193.85)	(10,592)
Non-deductible expenses	2,783,200.78	12,062,962
Profit / (Tax loss)	(8,122,762.07)	(8,534,338)
Tax on resulting profit	-	-
Income tax due	-	-
Net profit / (Net loss)	(10,897,769)	(22,489,557)

The Romanian tax system is in a phase of consolidation and harmonization with the European legislation. However, there are still different interpretations of tax legislation.

Under certain circumstances, the tax authorities may treat certain aspects differently, by calculating additional taxes, duties, interest and late payment penalties according to the tax provisions in force.

In Romania, the fiscal year remains open for tax audit for 7 years. The Company management believes that the tax liabilities included in these financial statements are adequate.

The accounting result as at 31.12.2025, amounting to (10,897,769.04) lei, recorded in account 121 - "Profit or loss" is transferred in January 2026 to account 1171.01 - "Retained result - loss".

Thus, the accounting loss shown in account 1171.01 – "Retained result - loss" will be 75,629,337.48 lei.

We propose the approval by the General Meeting of the Shareholders of the Substantiation Note on the partial coverage of the accounting loss from the retained result representing the surplus from revaluation reserves for fixed assets (equipment) sold / scrapped in the period 2022 – 2024, amounting to 1,902,945.33 lei. Thus, after performing this accounting operation, the net accounting loss of the company will be in amount of (39,097,276.90) lei, (loss in 2017: (10,975,913.42) lei, loss in 2020 (11,615,826.38) lei), loss in 2022 (8,916,274.78) lei loss in 2023 (9,407,257.09), loss in 2024 (22,489,556.63), and loss in 2025 (10,897,769.04) to be recovered according to art. 19 para. (4) of the Accounting Law no. 82 / 1991 with subsequent amendments and additions:

- "The accounting loss carried forward shall be covered by the profit for the financial year and the profit carried forward, reserves, share premium and share capital, in accordance with the decision of the general meeting of shareholders."



The tax loss recorded at the end of the year 2025, established by the annual income tax return, in the net amount of (47,220,039.07) lei, will be cumulated with the tax loss recorded on 31.12.2024 in the net amount of (39,097,276.90) lei, the tax loss recorded in the year 2023 in the net amount of (30,562,939.28) lei, and the tax loss recorded in the year 2025 in the net amount of (8,122,762.07) lei.

The total tax loss recorded on 31.12.2025 by Uztel SA Ploiesti will be (47,220,039.07) lei.

8. BALANCE CARRIED FORWARD

The balance carried forward represents the accumulated result of the Company. At 31 December 2025 the Company has a recorded balance carried forward in amount of (31,665,008) lei.

	Financial year ended <u>31 December 2025</u> (lei)	Financial year ended <u>31 December 2024</u> (lei)
Balance carried forward	(49,801,500)	(31,665,008)
Ordinary shares	5,365,459	5,365,459
Earnings per share (lei)	(2.50)	(1.75)



9. PROVISIONS

The situation of provisions established by the company is as follows:

	Financial year ended <u>31 December 2025</u> (lei)	Financial year ended <u>31 December 2024</u> (lei)
Provisions for litigation	184,647	192,367

10. FIXED ASSETS

- Tangible assets

	Land	Buildings and construction	Machinery and equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advances for tangible fixed assets	Total
Cost	Lei	Lei	Lei	Lei	Lei	Lei	Lei
Balance at 01 January 2025	15,794,281	53,819,566	35,947,641	166,042	2,465,969	20,363	108,213,863
Increases	-	-	-	-	46,112	-	46,112
Outgoing	-	-	-	-	-	-	-
Balance at 31 December 2025	15,794,281	53,819,566	35,947,641	166,042	2,512,081	20,363	108,259,975
Accumulated depreciation							
Balance at 01 January 2025	-	5,171,668	31,158,742	144,566	-	-	36,474,976
Year depreciation	-	2,553,405	672,056	4,720	-	-	-
Depreciation of outgoings (write off)	-	-	-	-	-	-	3 230 182
Balance at 31 December 2025	-	7,725,073	31,830,798	149,286	-	-	39,705,158
Adjustments							
Balance at 01 January 2025							
Increases							
Decreases							
Balance at 31 December 2025							
Net book value							
Balance at 01 January 2025	15,794,281	48,647,898	4,788,898	21,476	2,465,969	20,363	71,738,888
Balance at 31 December 2025	15,794,281	46,094,493	4,116,844	16,756	2,465,969	20,363	68,554,817



In the period 01 January – 31 December 2025 the total amount of increase entered in the accounting records for the class "Property, plant and equipment under construction" was 46,211 lei, representing the purchase of 1 Terra NX multi-process welding equipment and radiant panels B32 SX G20-20.

- Intangible assets

	Development expenditure	Other intangible fixed assets	Intangible fixed assets under construction	Total
Cost	Lei	Lei	Lei	Lei
Sold at 01 January 2025	186,892	891,351	29,820	1,108,063
Incoming	-	26,129	-	26,129
Outgoing	-	-	-	-
Balance at 31 December 2025	186,892	917,480	29,820	1,134,192
Accumulated amortization				
Balance at 01 January 2025	181,623	886,016	-	1,067,639
Amortization from year	-	17,163	-	17,163
Amortization of outflows	-	-	-	-
Balance at 31 December 2025	181,623	906,179	29,820	1,084,802
Balance at 01 January 2025	5,269	5,325	-	40,424
Balance at 31 December 2025	5,269	14,301	29,820	49,390

In the period 01 January – 31 December 2025 the company acquired intangible assets in the amount of 26,129 lei, representing:

- ESET Endpoint antivirus license, in amount of 2,600 lei;
- Software Update License&Support Oracle Database Standard Edition One Processor Perpetual Nov 2024-Nov 2025, in amount of 23,529 lei.



11. INVENTORIES

By comparison, the inventories situation is as follows:

INVENTORIES In LEI	31 December	31 December
	2025	2024
Raw materials	908,803	831,807
Auxiliary materials	277,129	297,383
Fuels	1,634	2,672
Packaging materials	1,395	1,395
Spare parts	2,379,974	2,466,979
Other consumables	153,413	154,797
Inventory items	193,726	193,589
Work in progress	4,553,042	5,964,667
Semi-finished	2,935,730	2,932,256
Finished products	5,110,947	5,029,387
Stock adjustments	(8,947,889)	(9,141,572)
Price difference on finished products	15,811,724	16,987,163
Packaging	963	695
Waste products	0	0
Total	23,380,592	25,721,218
Advances for the purchase of goods in the nature of inventories	309,330	213,886
Grand total inventories	23,689,922	25,935,104

12. REVENUES FROM THE BASIC ACTIVITY OF THE COMPANY

Turnover for the year 2025 amounting to 21,449,406 lei was obtained from the following segments of activities:

- turnover for production activity in amount of	20,685,869
- turnover for services activity in amount of	133,025
- turnover for trade activity in amount of	630,512

The turnover for the year 2024 amounting to 19,428,178 lei was obtained from the following segments of activities:

- turnover for production activity in amount of	18,141,145
- turnover for services activity in amount of	362,990
- turnover for trade activity in amount of	916,043


UZTEL S.A.

OILFIELD EQUIPMENT MANUFACTURING AND REPAIRS

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En redressement

OPERATING REVENUES	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
		lei
Total operating revenues, out of which:	19,555,389	17,974,637
Turnover	21,449,406	19,428,179
Revenue related to the cost of stocks of finished goods and work in progress	(2,004,232)	(1,548,298)
Other operating income	110,215	94,756

OPERATING EXPENDITURE	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
Total operating expenses, out of which:	30,463,966	40,355,288
Expenditure on raw materials and consumables	9,016,737	7,237,378
Other material expenses	180,282	227,018
Other external expenditure	1,121,309	1,147,274
Expenditure on goods	187,066	422,923
Trade rebates received	0	0
Staff expenditure	13,573,123	14,364,789
Value adjustments on intangible fixed assets, tangible fixed assets, intangible investments and biological assets at cost;	3,247,343	3,563,690
Current assets adjustments	(193,682)	9,141,576
Other operating expenditure	3,339,508	4,260,734
Adjustments to provisions	(7,720)	(10,090)

FINANCIAL REVENUES	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
Total financial income, out of which:	310,263	157,327
Exchange rate gains	309,092	154,821
Interest income	840	484
Other financial income	331	2,022



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En redressement

31 December
2025

31 December
2024

FINANCIAL EXPENDITURE

Total financial expenses, out of which:	299,455	266,233
Interest-related expenses	-	16,645
Other financial charges	299,455	249,588

CASH GENERATED FROM OPERATING ACTIVITIES

		31 December 2025 lei	31 December 2024 lei	31 December 2023 lei	31 December 2022 lei
		(13,347,985)	(9,407,257)	(8,916,275)	
	-	-	-	-	
Short-term assets	3,247,343	3,563,656	1,656,549	1,776,313	
	-	18,700	484,091	285,904	
	-	-	(539,574)	(154,042)	
Trade receivables	-	-	-	-	
Adjustments on current assets	-	-	-	-	
	-	(16,645)	(406,492)	(885,177)	
	840	484	7,820	1,536	
Preferences	15,168	(94,746)	11,656	262,247	
Capital	3,263,351	3,471,449	1,214,050	1,286,781	
Other receivables	-232,132	(2,540,919)	(3,172,390)	(475,132)	
Intangible assets	(2,296)	(8,377)	(3,370)	(202)	
	2,438,864	3,438,092	802,117	3,256,062	
	(480,934)	(1,948,297)	(336,478)	(2,990,559)	
Income	(105,992)	(90,145)	(98,338)	(970,153)	
	5,335,394	6,660,604	9,462,547	1,506,809	
Operating activities		5,510,958	6,654,088	326,825	
	-	-	-	-	
	-	(16,645)	(406,492)	(885,177)	
Investing activities	(676,271)	(4,382,223)	(1,945,611)	(8,187,846)	



13. INFORMATION BY SEGMENTS

IFRS 8 establishes the principles for reporting information by operating segments, referring to information about the economic activities of an entity that result in revenues and expenses. The reportable operating segment is the activity of producing products that generate expenses and revenues so that the reported revenue, including sales to external customers and transfers or sales between segments of the same entity, will represent 10% or more of the combined internal and external revenues of all operating segments.

If the total revenue from customers for all segments combined is less than 75% of the entity's total revenue, additional reportable segments must be identified until the 75% level is reached.

The company is registered in Romania and carries out its entire activity at its registered office in Ploiesti, 243 Mihai Bravu St and does not have any subsidiaries, branches or places of business.

The activity of the company is analyzed from the perspective of the main object of business, i.e.: production and sale on the domestic and foreign markets of assemblies, subassemblies, oil equipment and installations, industrial fittings, mud pumps and other spare parts for oil equipment.

The company management has established the business segments on the basis of the volume of revenues obtained from the sale of finished products on the domestic and foreign markets and the services provided.

The business segments identified are:

- income from the sale of finished products - domestic market;
- income from the sale of finished products - external market;
- income related to the cost of stocks of finished goods and work in progress;
- income from services provided;
- rental income;
- income from the sale of goods.

Segment information for the financial year ended 31 December 2025 is as follows:

Reporting by operating segments at 31 December 2025	Value (lei)	Share in total revenue %
Revenue from sale of finished products - domestic	14,426,523	72,62
Revenue from the sale of finished products - external	6,259,346	31,51
Revenue related to the cost of stocks of finished goods and work in progress	-2,004,232	-10,09
Income from services provided	17,819	0,09
Rental income	115,206	0,58
Revenue from the sale of goods	536,502	2,70
Total	19,461,379	97,96



Segment information for the financial year ended 31 December 2024 is as follows:

Reporting by operating segments at 31 December 2024	Value (lei)	Share in total revenue %
Revenue from sale of finished products - domestic	12,196,954	67,27
Revenue from the sale of finished products - external	5,952,191	32,83
Revenue related to the cost of stocks of finished goods and work in progress	-1,548,298	-8,54
Income from services provided	5,698	0,03
Rental income	34,184	0,19
Revenue from the sale of goods	916,043	5,05
Total	17,651,527	97,35

14. RELATED PARTY TRANSACTIONS

IAS 24 "Related Party Transactions" regulates commercial transactions with entities that hold funds in their capacity as associate members of Uztel Ploiesti Association (the majority shareholder of Uztel SA - Ploiesti with a total of 4,498,300 shares, representing 83.84 % of the share capital of the company).

During the financial year 2025 the following commercial transactions in the nature of purchases of goods and services with independent legal entities (companies) were carried out, which did not influence the financial position and performance of the company and were completed under normal market conditions.

a) Sales of finished goods and services:

<u>Entity name</u>	<u>Sales in 2025</u>	<u>Sales in 2023</u>
	lei	lei
Axon SRL Ploiesti	-	-
Ipsar SRL Valeni de Munte	-	-

b) Procurement of goods and services:

<u>Entity name</u>	<u>Purchases in 2025</u>	<u>Purchases in 2024</u>
	lei	lei
Axon SRL Ploiesti	328,798	165,418.76
Platus Com SRL Campina	-	18,828.43
Romconvert SA Ploiesti	-	-
Titancore SRL Ploiesti	-	-

<u>Entity name</u>	<u>Purchases in 2025</u>	<u>Purchases in 2024</u>
	USD	USD
Shabum International LTD Tel Aviv	-	-

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In accordance with IAS 24 (Related Party Disclosures), the company considered it appropriate to describe the commercial transactions carried out with legal entities that hold funds as associate members of the UZTEL Association.

The legal entities whose transactions have been mentioned above do not fall under the provisions of art. 82 para. (1) of Law no. 24/2017 due to the fact that the holdings, i.e. the bank funds, do not allow them to have control.

UZTEL SA presents the following additional information on the share of cash funds held, as of 31 December 2025, by legal entities in their capacity as members of Uztel Association, as follows:

<u>Legal entity name</u>	<u>% money fund held in UZTEL Association</u>
Axon SRL Ploiesti	0.7380
Ipsar SRL Valeni de Munte	0.3255
Platus Com SRL Canipina	0.6090
Titancore SRL Ploiesti	4.2191
<u>Legal entity name</u>	
Shabum International LTD Tel Aviv	0.2640

c) Compensations granted to key management staff:

The key management staff includes the general manager, the management staff of the production departments (department heads) and the management staff of the main functional services of the company (technical, design, human resources, quality assurance, commercial, economic, administrative, production and information technology).

	<u>2025</u>	<u>2024</u>
Gross salaries paid	983,204 lei	1,567,976 lei

15. OTHER INFORMATION

(1) *Fees paid to auditors*

In 2025 the Company's expenses relating to auditors' fees amounted to 203,843.70 lei, with the following components:

Statutory Auditor		lei
- Lexexpert Audit SRL Galati		29,615.53
Internal Auditor		
- Fin Consult Audit SRL Ploiesti		32,460.00
Audit of ESEF application situations		
- Unit Vision SRL Bucharest		0.00
Quality and product management system certification auditors (licenses)		lei
- GR Eurocert SRL Ploiesti Romania		16,549.69
- ND U Test SRL Buzau		0.00
		USD
- American Petroleum Institute Washington USA		125,218.48

*(2) Expenditure on personnel salaries*

	Financial year ended <u>31 December 2025</u> (lei)	Financial year ended <u>31 December 2024</u> (lei)
Expenditure on personnel salaries	11,933,167	13,881,000

The company did not grant advances or loans to the director.

(3) The average number of employees at 31 December 2025 is as follows:

	Financial year ended <u>31 December 2025</u>	Financial year ended <u>31 December 2024</u>
Average number of employees	134	146

(4) Financial Guarantees granted / received by the company

In 2025 the company did not grant or receive financial guarantees.

(5) Insurance policies held by the company

The company holds on 31.12.2025 the insurance policy SIGNAL IDUNA Asigurari CCPJ series no. 24062622191 for a period of 12 months, valid from 23.06.2025 until 22.06.2026, representing fire and other risks coverage for a declared value of 25,729,790 lei for a total of 26 buildings and industrial production halls owned by the company.

The insurance policy that the company took out has generated financial costs (cash outflows), operating income through sales of complex products and services and, mainly, provides shareholders, company's administrators and banking and commercial partners with stability and confidence in the company's present and future commercial and financial activities.

(6) Assessment of the impact of the company's core activity on the environment

The activity of a company is based on the following regulatory acts:

- Environmental Permit no. PH-259 dated 02.10.2019, revised on 17.12.2024, valid with annual visa, for the activity of production of assemblies, sub-assemblies, oilfield machinery and equipment and industrial services, recovery of industrial recyclable waste, catchment, treatment and distribution of water, paint shop.
- Water management authorization no. 151 dated 13.09.2025 valid until 30.09.2028.

The company Uztel S.A. constantly and continuously pays special attention to the protection of the environment, taking into special consideration:



- compliance with current environmental protection legislation;
- saving natural resources; potential risks, anticipating consequences and taking them into account;

Uztel SA has implemented the Environmental Management System according to integrated ISO 14001-2015, ISO 9001-2015, with the quality system according to ISO 45001:2018. The activities regulated by this system are maintained and continuously improved being systematically supervised by internal audit, but also by the certification authority.

The environmental factors (drinking water, waste water, air-emissions, air-imissions, soil, waste) have been monitored according to the legal requirements applicable to the activities of Uztel S.A. (monthly, quarterly, half-yearly, annually). The frequency required by the Environmental Authorization was complied with and no exceedances of the maximum limits imposed were recorded.

(7) Aspects of legal disputes of the company

The company, as a creditor, has undertaken all legal steps necessary to recover outstanding trade receivables from legal entities and individuals, introducing during the financial year 2023 a series of commercial cases through the competent courts, which cases are in various stages of judgment and enforcement and it is a plaintiff (without material implications) in the cases regarding work groups (labor disputes) with former employees.

Insolvency procedure

8 case files

- identification of Labor Disputes (work groups, special conditions, claims, appeal against termination of employment)

64 case files

In order to recover debts from legal entities or individuals, the company has proceeded to issue notifications, summons or amicable settlements in order to settle the dispute.

The company periodically monitors outstanding trade receivables and applies best estimates in recording and accounting for them.

16. COMPANY MANAGEMENT

TAX LEGISLATIVE FRAMEWORK

The Romanian legal and fiscal framework and its implementation in practice is frequently changing and is subject to different interpretations by different control bodies. Corporate tax returns are subject to review and correction by the tax authorities, generally for a period of five years after the date of their completion. Management believes that it has adequately recorded tax liabilities in the accompanying financial statements. However, there is a risk that the tax authorities may take different positions on the interpretation of such issues. Their impact cannot be determined at this date.

Economic environment

The process of adjusting the values according to the risk that took place on the domestic financial markets since 2020 has affected their performance, including the Romanian financial & banking market, leading to increased uncertainty about the future economic developments.

The current liquidity and credit crisis has led among other things to low and difficult access to capital market funding, low levels of liquidity in the Romanian banking sector and high interbank lending rates. The significant loss suffered by the international financial market could affect the company's ability to obtain new loans and refinance the existing facilities under terms similar to previous transactions.



The company's business partners may also be affected by crisis situations of a severity that could affect their ability to settle their current debts. Deteriorating operating conditions for creditors could also affect the management of cash flow forecasts and impairment analysis of financial and non-financial assets. To the extent information is available, management has reflected revised estimates of future cash flows in its impairment policy.

Current concerns that deteriorating financial conditions may contribute at a later stage to a further decline in confidence have prompted coordinated efforts by governments and central banks to adopt special measures aimed at countering the growing aversion to risk and restoring normal market conditions. The Company management cannot estimate events that could have an effect on the banking sector in Romania and, subsequently, what effect this could have on the Company's activities.

Activity performance framework

Although part of the European Union since 1 January 2007, Romania's economy continues to exhibit the characteristics of an emerging market, such as a high current account deficit, a relatively undeveloped financial market and currency exchange rate fluctuations.

Currently, the domestic financial markets are experiencing the effects of the global financial crisis triggered in 2008. These effects were also felt on the Romanian financial market in the form of falling prices and liquidity on capital markets, as well as an increase in medium-term interest rates due to the global liquidity crisis. The significant losses suffered by the domestic financial market could affect the Company's ability to obtain new loans on terms similar to those applicable to previous transactions. UZTEL S.A. Ploiesti joins other large national and international oil companies that report commercial and financial results due to the instability/fluctuations in oil demand as the population is affected by the post-pandemic effects, and the companies' activity was/is being resized due to the energy crisis and the geo-political conflict at the country's border.

The Company's management considers that the application of the business going concern principle in the preparation of these individual financial statements of financial position is influenced by legal decisions, decisions of the Company's creditors and decisions of the syndic judge, given its position on the oil and gas market within the national economic system.

17. INSOLVENCY PROCEDURE PROGRESS

By the application registered on 15.03.2023 with the Prahova Court under no. 1223/105/2023, Uztel S.A. requested the syndic judge to open the general insolvency proceedings, following the Resolution of the Board of Directors no. 54/13.03.2023. By the Resolution passed in the meeting of 13.04.2023 in case file no. 1223/105/2023 scheduled with the Prahova Court, the syndic judge ordered the opening of the general insolvency proceedings of Uztel S.A. By such application the company Uztel S.A. has expressed its intention to reorganize the activity, considering that it has the entire material basis required to reorganize the activity, having in this sense the necessary experience, reliable manufacturing technologies, orders, and qualified personnel.

The main causes of insolvency were the following:

- Economic crisis and the repeated tax changes affecting Romania between 2020 and 2023;
- Evolution of the international epidemiologic situation caused by the spread of SARS-Cov-2 coronavirus, declaration of the pandemic by the World Health Organization and the establishment of a state of emergency on the territory of Romania and other states;
- Conflict in Ukraine;
- Negative evolution of macroeconomic indicators (inflation, budget deficit, decreasing foreign investments, rising unemployment, energy crisis, oil crisis, etc.);
- Financial causes determined by the above factors, market conditions and the legislative framework have led to a major liquidity shortage which caused the company to enter into payment default.



By the Resolution 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 with 25.05.2023, and he will manage the company under the supervision of the Receiver Andrei Ioan IPURL Ploiesti.

Changes that occurred during 2025:

By the Resolution no. 2/29.09.2025 adopted by the Ordinary General Meeting of Shareholders of Uztel S.A. on 30.09.2025, Mr. Dumitru Paul George's position of special administrator terminated, and effective the same date, i.e. 30.09.2025, Mr. Voica Alin Marian was appointed as Special Administrator of the company for a period of 4 years, who will manage the company under the supervision of the Receiver Andrei Ioan IPURL Ploiesti.

EXECUTIVE BOARD OF THE COMPANY - in the period 01.01.2025 - 31.12.2025 had the following composition in the exercise of management duties, as follows:

PERIOD 01.01.2025 - 31.12.2025			
FULL NAME	POSITION	PERIOD	RESOLUTION / RESOLUTION DATE
Dumitru Paul - George	General Manager	01.01.2024 -30.09.2025	Individual Employment Contract 1387/25.05.2023
Voica Alin Marian	Head of Technical Department	01.01.2025-30.09.2025	Addendum / 05.2023
Voica Alin Marian	General Manager – Special Administrator	01.10.2025-31.12.2025	ONRC 789485/01.10.2025
Dumitrache Lucian Oliver	Head of Technical Department	08.10.2025-31.12.2025	Individual Employment Contract 1465/07.10.2025
Voicu Mariana	Quality Management Systems Manager Head of Quality Management Systems Department	01.01.2025-31.12.2025	Addendum / 05.2023

**Events after the balance sheet date**

Based on the information that the company has to date, the shareholding structure has not changed up to the date of issuance of these financial statements. Uztel has identified events that occurred between the date of the balance sheet ended 31.12.2025 and the date the financial statements are authorized for filing. Such events provide additional information about conditions that existed at the balance sheet date or about certain conditions that arose after the closing of the 2025 balance sheet, as follows:

1. UZTEL SA carried on its business in 2025 on a going concern basis in accordance with the provisions of OMFP 2844/2016 on accounting regulations in compliance with International Financial Reporting Standards and with the provisions of Law no. 85/2014 on insolvency proceedings.

The decrease in the volume of orders and contracts has negatively influenced cash flow and generated the accumulation of budgetary and commercial debts.

After the financial year-end on 31.12.2025, uncertainties and risks in the economic, commercial, social and financial environment remain high at national and international levels. Although the impact of the pandemic on economic activity has diminished over time, prolonged staff shortages could affect economic activity. These measures could also affect the functioning of supply and sales chains for a longer period than expected.

- As of 01.01.2025, the inflation forecasts have been revised considerably upwards compared to the Q4 2023 forecast. They reflect the effects of very high energy and gas prices that will lead to a significant and unpredictable increase in utility costs in the company's total operating expenses.
- The outbreak in February 2022 of the geo-political conflict on Romania's border and the energy crisis led to major imbalances in the chains of purchases and sales with immediate unfavorable consequences in the cash flows and, implicitly, in the accumulation of wage and commercial debts and the non-fulfillment of the budget indicators planned for 2023.
- The economic (commercial and financial) instability of the company caused by the low volume of sales on the internal and external market, delays in the collection of receivables, resulted in delays in the payment of the budgetary and trade debts of suppliers of raw materials, materials, utilities and services.
- The challenges of 2026: rising prices for raw materials and materials, economic and geopolitical instability at national and international level, high utility bills (energy and gas) will put pressure on wage growth and on maintaining high sales volumes in physical and value units in order to achieve the objectives set out in the Revenue and Expenditure Budget.

Uztel company is making all efforts to continue production activity under conditions of reorganization/restructuring and resizing the number of staff employed depending on the volume of orders and commercial contracts negotiated with domestic and foreign customers and the successful bidding for domestic and international contracts in the market of oil equipment.

Special Administrator – General Manager

Voica Alin Marian

/seal, signed illegibly/

Finance Department

Brujban Gabriela

/signed illegibly/

20.05.2026

I, Ilie Oana Alice, an English sworn translator and interpreter under License no. 4858 dated 21.06.2001, issued by the Romanian Ministry of Justice, hereby certify this accuracy of this translation from Romanian into English, that the text submitted has been fully translated without any omissions, and that the contents and meaning of the document has not been misrepresented by translation.

TRANSLATOR,



**INDEPENDENT AUDITOR'S REPORT
REGARDING STANDALONE FINANCIAL STATEMENTS
OF UZTEL SA PLOIESTI IN REORGANISATION**

To the shareholders of UZTEL S.A. PLOIESTI IN REORGANISATION

OPINION WITH RESERVES

1. We have audited the financial statements of UZTEL S.A. PLOIESTI IN INSOLVENCY ("the Company), headquartered in Ploiesti, 243 Mihai Bravu St, identified with the tax registration no. RO 1352846, which comprise the statement of financial position as at 31 December 2025, statement of the global result, statement of changes in shareholders' equity and statement of cash flows for the financial year then ended, as well as a summary of significant accounting policies and other explanatory notes.
2. Such financial statements relate to:
 - Net assets / Total equity: 38,363,253 lei
 - Net profit of the financial year (loss): (10,897,769) lei

3. **In our opinion, except for the impact of the aspects listed in "Basis for opinion" on the financial statements, the financial statements attached hereto show fairly the financial position of the Company as at 31 December 2025, its financial performance, and the cash flows for the financial year then ended, in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") and OMFP 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards.**

BASIS FOR OPINION WITH RESERVES

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

4.2 We did not participate in the inventory of the Company's assets as at 31.12.2025. Due to the nature of the Company's records, we were unable to obtain assurance, through alternative audit procedures, on the existence and physical condition of these assets as at 31.12.2025.

4.3 As of 31 December 2025, the Company's current assets include trade receivables (account 4111) in amount of **2,326,582 lei** that are more than 120 days past due, and advances paid to suppliers (accounts 4091, 4092 and 4093) in amount of **50,183 lei**, older than one year, for which the management has not recognized any impairment allowances.

Given the age of these balances and the context of the judicial reorganization plan, we believe there is objective evidence of impairment under **IFRS 9**, and the Company should have assessed the expected credit losses. In the absence of an updated recoverability analysis, we were unable to obtain sufficient and appropriate audit evidence regarding the recoverable amount of these assets. Consequently, we were unable to determine the amount of the necessary adjustments, which would have resulted in an increase in the loss for the year and a reduction in current assets and equity by 2,376,765 lei

4.4. As at 31 December 2025, the net carrying amount of inventories is 23,689,922 lei. The Company recorded full impairment adjustments in amount of 8,947,889 lei for categories of inventory considered non-moving or slow-moving (consumables, work-in-progress, and finished goods).

As of the same date, the Company recorded finished goods (account 345) at a predetermined cost of 5,100,696 lei, for which it recognized an impairment adjustment of the same amount. At the same time, the Company reports in the debit balance of account 348 11 "Price Differences on Products" the amount of 15,811,724 lei, representing unfavorable price differences related to the respective inventories, which were not included in the calculation of the impairment allowance.

According to applicable accounting regulations, inventories must be valued at the lower of cost (predetermined cost adjusted for price differences) and net realizable value. Given that the inventories are fully impaired, the Company should have supplemented the impairment adjustments with the amount of the unfavorable price differences of 15,811,724 lei. Consequently, as at 31 December 2025, current assets (inventories) are overstated by 15,811,724 lei, thereby affecting operating expenses related to the adjustments, net income for the year, and equity by the same amount.

HIGHLIGHTING CERTAIN ASPECTS

Uncertainty related to business continuity

5. We draw attention to Note 2 "Bases for preparing individual financial statements – Going concern (c)". According to this note, the company states that "The Special Administrator - General Manager assumes responsibility for the preparation of the financial statements as at 31.12.2025 and confirms that they comply with applicable accounting regulations, and that the company is operating on a going concern basis under the provisions of Law No. 85/2014 on insolvency prevention and insolvency procedures, in the current economic and geopolitical context that gives rise to commercial and economic events that are impossible to anticipate." Furthermore, Note 17 describes events after the balance sheet date that may affect the information presented in the balance sheet including with regard to the continuity of operations. Thus, the company describes the possible impact of increases in energy and gas prices on the company's operating expenses and the possible impact of increases in raw material and material prices.

These economic implications may affect the financial statements in terms of the following items: the value of inventories, receivables, and liabilities; the value of goodwill and intangible assets; contractual penalties for non-compliance with terms and conditions.

By the application filed on 15.03.2023 with the Prahova Court under no. 1223/105/2023, the company Uztel S.A. requested the syndic judge to open general insolvency proceedings, following the Resolution of the Board of Directors no. 54/13.03.2023. By the Decision passed in the session dated 13.04.2023 in case file no. 1223/105/2023 scheduled with the Prahova Court, the syndic judge ordered the opening of the general insolvency proceedings for Uztel S.A. In its application, Uztel S.A. expressed its intention to reorganize its business, given that it has all the material resources required for the reorganization of its business, including the necessary experience, reliable manufacturing technologies, orders, and qualified personnel, having carried out its activity for a long period of time and being known as a leading company at national and international level.

By Resolution no. 2/25.05.2023 adopted by the Ordinary General Meeting of the 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 managed the company until 30.09.2025 under the supervision of the Receiver Andrei Ioan IPURL Ploiesti. As of 01.10.2025, Mr. Voica Alin Marian has been appointed General Manager and Special Administrator, replacing Mr. Dumitru Paul George.

5.2. We draw attention to the Statement of Financial Position included in the financial statements and to the fact that the Company has incurred significant losses in recent years (10,897,769 lei in 2025 and 22,489,557 lei in 2024), which has led to a considerable decrease in equity.

Although as of 31 December 2025, the Company's net assets, determined as the difference between total assets and total liabilities, is above the threshold of half the value of the subscribed share capital, the continuation of the trend of recording losses may lead to non-compliance with the requirements of Art. 153²⁴ of the Companies Act No. 31/1990, as republished. In this context, the Company's management is required to monitor the level of net assets and to implement the measures provided by law to avoid the risk of dissolution or the obligation to reduce the share capital.

These events, together with other matters discussed in Note 17, **indicate that there is significant uncertainty about the Company's ability to continue as a going concern**. Our opinion is not altered in relation to these matters.

KEY AUDIT MATTERS

6. Key audit matters are those matters that, based on our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these key audit matters.

Key audit matters	Our approach
Assessment of the recoverability of current assets in the context of the organizational plan	<p><i>The valuation of trade receivables (5.7 million lei net) and inventories (23.6 million lei net) is an area of high complexity and reasoning, made even more so by the fact that the Company is currently undergoing judicial reorganization. The main risk lies in the fact that these assets could be valued above their recoverable amount, directly affecting the viability of the reorganization plan. In accordance with IFRS 9 (for receivables) and IAS 2 (for inventories), the Company must estimate expected losses and, respectively, net realizable value, a process that involves subjective forecasts regarding future collections and the sale of inventory. The specific matters that led to the change in our opinion are detailed in the Basis for Qualified Opinion section.</i></p> <p><i>Our procedures included, but were not limited to:</i></p> <ul style="list-style-type: none"> <i>· Analysis of the inventory count report and verification of how its results were reflected in the financial statements.</i> <i>· Analysis of the court-approved Reorganization Plan and the periodic reports published in the Official Gazette to understand the timeline for asset realization, debt repayment, and the Company's compliance status.</i> <i>· Discussions with the Special Administrator regarding the prospects for recovering old receivables and the strategy for liquidating slow-moving inventory.</i> <i>· Assessment of the methodology used by management to calculate expected credit losses in accordance with IFRS 9, including testing the accuracy of the aging report.</i> <i>· Analysis of post-balance sheet events to validate the recoverability of significant balances.</i>

OTHER INFORMATION – MANAGING DIRECTORS' REPORT

7. The managing directors are responsible for the preparation and presentation of other information. Such other information comprises the Managing Directors' Report, but does not include the financial statements and the auditor's report thereon, nor the non-financial statement.

Our opinion on the financial statements does not cover the other information and, unless specifically stated otherwise in our report, we do not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements for the financial year ended 31 December 2025, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears as materially misstated.

As regards the Managing Directors' report, we have read and report whether it is prepared in every material aspect in accordance with OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the international standards of financial reporting.

Exclusively on the basis of the activities that should be performed during the audit of the financial statements, in our opinion:

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

Additionally, on the basis of our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the financial year ended on 31 December 2025, we are required to report whether there are any material misstatements in the Managing Directors' report. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

8. The Company's management is responsible for the preparation and fair presentation of such financial statements in accordance with the OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the international standards of financial reporting, and for such internal control as deemed required by the management to allow for preparation of financial statements free of any material misstatements due to fraud or error.

9. In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern as basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Understand the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. We communicate to those charged with governance, among other matters, the planned scope and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control that we identify during the audit.

14. We also provide those charged with governance with a statement regarding our compliance with ethics requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to be relevant to our independence and, where applicable, the safeguards applied.

15. Among the matters communicated to those charged with governance, we determine those matters that were of greater significance in the audit of the financial statements for the current period and, therefore, are key audit issues. We describe these matters in our audit report, except when laws or regulations preclude public disclosure of the matter or the case where, in extremely rare circumstances, we believe that a matter should not be communicated in our report because it is reasonably expected that the benefits to the public interest would be outweighed by the adverse consequences of such communication.

16. We have been appointed by the General Meeting of Shareholders to audit the financial statements of UZTEL S.A. Ploiești for the financial year ended 31 December 2025/2026. The total uninterrupted duration of our commitment is 5 years, covering the financial years ending on 31.12.2021/31.12.2022/31.12.2023/31.12.2024/31.12.2025.

We hereby acknowledge that:

- In the course of our audit, we have maintained our independence from the audited entity;
- We have not provided the Company with the prohibited non-audit services referred to in article 5 paragraph (1) of EU Regulation no. 537/2014.

On behalf of:

SC LEXPERT AUDIT SRL GALATI

Galati, 8S1 Navelor St, Galati county

Registered with the Authority for Public Supervision of Statutory Audit Activity under no. FA1047

/seal/

Audit Partner

drd.jur.ec. Aurelian Constantin

Registered with the Authority for Public Supervision of Statutory Audit Activity under no. AF1779

04 May 2026

/seal, signed illegibly/

20.05.2026

I, Ilie Oana Alice, an English sworn translator and interpreter under License no. 4858 dated 21.06.2001, issued by the Romanian Ministry of Justice, hereby certify this accuracy of this translation from Romanian into English, that the text submitted has been fully translated without any omissions, and that the contents and meaning of the document has not been misrepresented by translation.

TRANSLATOR:



