

U.C.M. Reșița S.A.
 Sediul Social: Piața Charles de Gaulle, nr. 15
 Clădirea Charles de Gaulle Plaza, etaj 3, birou Peles
 011857, sector 1, București, România
 Sediul Administrativ: Str. Golului, Nr.1, 320053, Reșița, România
 Tel: +40-(0)255-217111 · Fax: +40-(0)255-223082
 contact@ucmr.ro · http://www.ucmr.ro



în reorganizare judiciară, în
 judiciar reorganizare, en
 redressement

CURRENT REPORT

As per Law no. 24/ 2017 and ASF Regulation no. 5/2018

Date of the report: 12.05.2023

Name of the issuing company: U.C.M. Resita S.A.

Registered office: Charles de Gaulle Square, No. 15, Charles de Gaulle Plaza Building, 3rd Floor, Office Peles, Sector 1, Bucharest

Administrative headquarters: Resita, Golului Street, no. 1, 320 053, Caras-Severin County

Phone No.: 0255/217111; Fax: 0255/223082

Unique registration code: 1056654

Number at the Trade Register Office: J 40/13628/2011

Subscribed and paid-up capital: 10,993,390.40 lei

Regulated market where the issued securities are traded: Bucharest Stock Exchange

Important events to report: Report for the first quarter of 2023

S.C. U.C.M. Resita S.A. informs the general public about the availability of the Report for the first quarter of 2023.

The Report can be found, as of 12.05.2023, on the website <http://www.ucmr.ro> and the IRIS platform link.

As of the same date, the persons interested may, on written request, obtain a copy of these documents. The application will be submitted/sent directly to the administrative headquarters of the company (workstation) located in Resita, Golului Street, no. 1, 320053, Caras-Severin County or at fax number 0255/223082.

The financial statements of the company for the first quarter of 2023 are not audited.

In the table below is presented the situation of assets, liabilities and equity on March 31, 2023 compared to the beginning of the year 2023:

		Lei	
No.	Balance sheet items	01.01.2023	31.03.2023
1	Fixed assets	55,621,103	55,273,693
2	Current assets	103,681,602	102,322,584
3	Prepayments	15,566	619,792
	TOTAL ASSETS	159,318,271	158,216,069
4	Debts	438,254,167	442,953,499
5	Income in advance	26,789,156	26,781,289
6	Provisions	82,817,115	82,732,814
7	Owner's equity	(388,542,167)	(394,251,533)
	TOTAL LIABILITIES	159,318,271	158,216,069

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The profit and loss account highlights the following indicators:

Lei			
No.	Indicator name	31.03.2022	31.03.2023
1	Turnover (2+3-4)	2,174,737	4,577,945
2	Production sold	2,174,737	4,577,945
3	Revenues from sale of goods	-	-
4	Discounts granted	-	-
5	Changes in stocks: Credit balance	334,462	1,420,005
	Debtor balance		
6	Capitalized production	-	-
7	Exercise production (1+/-5+6)	2,509,199	5,997,950
8	Other operating revenues	526,564,216	8,158
9	Operating revenues, total (7+8)	529,073,415	6,006,108
10	Financial revenues, total	611,953	142,146
11	Total revenues (9+10)	529,685,368	6,148,254

The expenses of the company are shown below:

Lei			
No.	Indicator name	31.03.2022	31.03.2023
1	Expenses on raw material and consumables	424,388	1,888,219
2	Other external expenses (energy and water)	1,738,279	1,609,701
3	Expenses with the personnel	6,124,410	5,867,482
4	Adjustments	67,960,947	455,620
5	Other operating expenses, of which :	2,289,319	1,861,900
6	Total operating expenses (rw. 1 la 5)	78,537,343	11,682,922
7	Total financial expenses	445,985	174,698
8	TOTAL EXPENSES	78,983,328	11,857,620

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The evolution of the results is shown below:

No.	Indicator name	Lei	
		31.03.2022	31.03.2023
1	Operating revenues	529,073,415	6,006,108
2	operating expenses	78,537,343	11,682,922
3	Operating activities	450,536,072	(5,676,814)
4	Financial revenues	611,953	142,146
5	Financial expenses	445,985	174,698
6	Financial result	165,968	(32,552)
7	The profit tax	31,874,017	
8	Net result for the financial year	418,828,023	(5,709,366)

Although the turnover evolved favorably compared to the first quarter of the previous year, the income obtained from the current activity did not reach a level that can fully support the expenses. So the net result of the first term of 2023 materialized in a net loss of 5,709,366 lei.

UCM RESITA SA- in reorganizare, in judicial reorganisation, en redressement,
Judicial Administrator,
EURO INSOL SPRL and V.F. Insolventă SPRL Consortium



s.c.U.C.M. Reșița s.a.
(Company in judicial reorganisation, en redressement)

Separate Financial Statements
prepared in accordance with the
Order of the Minister of Finance no. 2844/2016
on
MARCH 31, 2023

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Judicial Administrator Report on 31 March 2023

The reports for the first quarter of 2023 were prepared in accordance with the provisions of OMFP 2844/2016, for the approval of the accounting regulations compliant with the International Financial Reporting Standards, corroborated with the provisions of Law 85/2006, Law on Insolvency Procedure.

In the first quarter, the *Company* continued its activity according to the status of a company in judicial reorganization.

The Judicial Administrator proceeded to prepare this report to present the economic and financial evolution of the Company during the analyzed period, as well as the stage of implementation of the recovery measures included in the confirmed reorganization plan.

This report will analyze the period January-March 2023.

A. Statement of assets, debts and equity

The situation of assets, debts and equity on 31.03.2023, compared to the beginning of 2023, is as follows:

No.	Balance sheet items	Lei	
		01.01.2023	31.03.2023
1	Fixed assets	55,621,103	55,273,693
2	Current assets	103,681,602	102,322,584
3	Prepayments	15,566	619,792
	TOTAL ASSETS	159,318,271	158,216,069
4	Debts	438,254,167	442,953,499
5	Income in advance	26,789,156	26,781,289
6	Provisions	82,817,115	82,732,814
7	Owner's equity	(388,542,167)	(394,251,533)
	TOTAL LIABILITIES	159,318,271	158,216,069

Compared to 01.01.2023, on 03.31.2023 both total assets and current liabilities recorded variations of around 1%. The debts refer only to the rest to be distributed through the Payment Program, to which are added the current debts that are paid according to the resulting documents.

The following changes were recorded in the company's assets compared to the values existing at the beginning of 2023:

Lei				
Nr. crt.	Designation of indicator	01.01.2023	31.03.2023	Differences
0	1	2	3	4=3-2
1	Fixed assets	55,621,103	55,273,693	(347,410)
2	Current assets	103,681,602	102,322,584	(1,359,018)
3	Prepayments	15,566	619,792	604,226

The current assets existent in the patrimony registered the following evolution compared to the beginning of 2023:

Lei				
Nr. crt.	Designation of indicator	01.01.2023	31.03.2023	Differences
0	1	2	3	4=3-2
1	Stocks, of which:	83,431,490	84,608,078	1,176,588
1.a	- raw material and consumables	3,724,905	3,497,533	(227,372)
1.b	- fixed assets held for sale	69,115,526	69,115,526	-
1.c	- production in progress	6,918,121	8,338,080	1,419,959
1.d	- finished products and goods	3,656,482	3,656,528	46
1 e	- down payments	16,456	411	(16,045)
2	Other current assets of which:	20,250,112	17,714,506	(2,535,606)
2.a	- receivables	14,097,268	13,377,770	(719,498)
2.b	- cash and cash equivalents	6,152,844	4,336,736	(1,816,108)

The 6.1% decrease in stocks of raw materials and consumables is largely due to their use into the manufacturing process.

At the end of March 2023, the works for the HPP Turnu hydro repair project (Kaplan turbine rotor blade execution) and for the 3680 Kw Arcelormittal Roman electric motor repair project, which mostly determined the increase in production in progress, were in an advanced stage of execution, their delivery being expected during May - June 2023.

The stock of finished products did not register significant changes, the products being delivered shortly after their completion.

Claims registered a decrease of 5.38% compared to the beginning of 2023.

Within the liabilities of the Company, the patrimonial changes compared to the beginning of 2023 are the following:

Lei				
No.	Indicator name	01.01.2023	31.03.2023	Diferente
0	1	2	3	4=3-2
1	Owner's equity	(388,542,167)	(394,251,533)	(5,709,366)
2	Debts	438,254,167	442,953,499	4,699,332
3	Income in advance	26,789,156	26,781,289	(7,867)
4	Provisions for liabilities and charges	82,817,115	82,732,814	(84,301)

B. Profit and loss account

The following indicators stand out from the profit and loss account:

Lei			
No.	Indicator name	31.03.2022	31.03.2023
1	Turnover (2+3-4)	2,174,737	4,577,945
2	Production sold	2,174,737	4,577,945
3	Revenues from sale of goods	-	-
4	Discounts granted	-	-
5	Changes in stocks: Credit balance	334,462	1,420,005
	Debtor balance		
6	Capitalized production	-	-
7	Exercise production (1+/-5+6)	2,509,199	5,997,950
8	Other operating revenues	526,564,216	8,158
9	Operating revenues, total (7+8)	529,073,415	6,006,108
10	Financial revenues, total	611,953	142,146
11	Total revenues (9+10)	529,685,368	6,148,254

Hydro products and services represent 81.15% of the turnover, followed by electric motor repairs with a share of 10.02%.

Although the turnover evolved favorably compared to the first quarter of the previous year, the income obtained from the current activity did not reach a level that can fully support the expenses.

As a structure, the operating income, on 31.03.2023, is as follows:

Nr. crt.	Indicator name	31.03.2022	31.03.2023
1	Turnover	0.41%	76.22%
2	Changes in stocks	0.06%	23.64%
3	Revenues from sale of fixed assets	0.00%	0.00%
4	Other operating revenues	99.53%	0.14%
	TOTAL	100.00%	100.00%

The Company's are presented in the following table:

Lei			
No.	Indicator name	31.03.2022	31.03.2023
1	Expenses on raw material and consumables	424,388	1,888,219
2	Other external expenses (energy and water)	1,738,279	1,609,701
3	Expenses with the personnel	6,124,410	5,867,482
4	Adjustments	67,960,947	455,620
5	Other operating expenses, of which :	2,289,319	1,861,900
6	Total operating expenses (rw. 1 la 5)	78,537,343	11,682,922
7	Total financial expenses	445,985	174,698
8	TOTAL EXPENSES	78,983,328	11,857,620

Compared to the same period of 2022, on 31.03.2023, there is a decrease in operating expenses. Significant changes are noted in the adjustments and expenses with raw materials and consumables chapters.

As a structure, operating expenses are as follows:

No.	Indicator name	31.03.2022	31.03.2023
1	Expenses on goods	0.56%	16.28%
2	Other external expenses (energy and water)	2.21%	13.78%
3	Expenses with the personnel	7.80%	50.22%
4	Adjustments	86.53%	3.90%
5	Other operating expenses	2.90%	15.82%
	TOTAL	100.00%	100.00%

The evolution of the results is presented in the following table:

Nr. crt.	Indicator name	31.03.2022	31.03.2023
		Lei	
1	Operating revenues	529,073,415	6,006,108
2	operating expenses	78,537,343	11,682,922
3	Operating activities	450,536,072	(5,676,814)
4	Financial revenues	611,953	142,146
5	Financial expenses	445,985	174,698
6	Financial result	165,968	(32,552)
7	The profit tax	31,874,017	
8	Net result for the financial year	418,828,023	(5,709,366)

The net result of the first term of 2023 materialized in a net loss of 5,709,366 lei.

C. Status of sales offers and contracts

On 31.03.2023, UCM Resita had 469 employees.

Between January 1 and March 31, 2023, 19 individual employment contracts were terminated upon request.

These voluntary departures were based on the following causes:

- ✓ Net higher salary levels granted by state institutions and local authorities
- ✓ The acute uncertainty regarding job security generated, on the one hand, by the company's legal situation and on the other hand by the delay in the business transfer to Hidroelectrica
- ✓ Employees who have met retirement conditions (retirement pension, early retirement, early retirement with penalty)

On 31.03.2023, from the total staff, 39 employees have the status of re-employed pensioners who accumulate the pension with the salary.

Until the end of 2023, a number of 57 people meet the conditions for retirement, to which are added 11 employees who have suspended their pension, but who can always avail themselves of the right obtained and cancel the suspension.

Since entering in insolvency, access to certain markets, including external ones, where UCM Reșița has performed in the past, was practically impossible because: (i) the client does not have the certainty of the continuity of the activity at UCM Reșița for the time required for completion of the contract and (ii) UCM Reșița cannot provide the requested guarantees, because no bank issues letters of bank guarantee to companies undergoing insolvency proceedings.

Therefore, against the background of the lack of orders, the Company continued in the first quarter the application of the measure of suspension of individual employment contracts according to the provisions of art. 52 paragraph 1 letter c and art. 53 of the Labor Code in departments, services and workplaces where there is no charge.

On 01.01.2023, Law no. 351/12.12.2022 for the amendment and completion of Law no. 263/2010 regarding the unitary system of public pensions entered into force.

According to the provisions of art. 30, paragraph (1), letter j) from Law no. 263/2010, introduced by Law 351/2022, the jobs under special conditions, in the machine construction sector, are established for personnel working in the following specific activities: casting of steel parts and ingots, in steel foundries; casting of cast iron parts, non-ferrous alloy parts and parts with easily fusible patterns in cast iron foundries, non-ferrous alloy foundries and precision foundries; forging parts with hammers of more than 2 tons of force in the forge sections; casting of bearings from non-ferrous alloys on steel supports in bearing mills; the activity carried out by engineers, assistant engineer and technicians, within 50% of the normal working time, in the already mentioned production sections;

As a result of these provisions, UCM Reșița registered, between January 1 and March 31, 2023, a number of 390 requests for the issuance of certificates attesting the fact that employees, respectively former employees, carried out activity in the car construction sector in the specific activities listed above.

The Human Resources Department drew up a number of 208 certificates, of which 160 were rejected by the Caraș-Severin County Pension House.

UCM Reșița, through address no. 186/DG0000/19.04.2023 sent to the County Pension House, requested clarifications regarding the professions and beneficiary functions of the provisions of art. 30, paragraph (1), letter j.

D. The situation of offers and commercial sales contracts

As regards the situation of commercial contracts on 31.03.2023, the Company had pending contracts totaling 7,727,415 lei, with delivery in 2023.

In the period January - March 2023, offers were sent at the request of potential clients in the amount of 72,449,394 lei, of which 5,568,954 lei were materialized in contracts during the same period.

The following offers are in the negotiation stage:

- ✓ S.S.H. Hidroserv Portile de Fier Hydropower Services and Repairs Department - Execution of spare parts and equipment for complex repair at HA1 - HA1 rotor hub assembly work – HPP PdF I
- ✓ S.S.H. Hidroserv Sebeș Department of Hydropower Services and Repairs – Execution of turbine rotor blades KVB 8.3-1– HPP Vistea
- ✓ S.S.H. Hidroserv Department of Hydropower Services and Repairs Râmnicu Vâlcea – LN4 HA2 Services – HPP Turnu
- ✓ S.S.H. Hidroserv Department of Hydropower Services and Repairs Hațeg – Generator repair services (restoration of generator cover bearing elevation; rotor balancing; stator winding washing works, drying and electrical tests) – HPP Godeanu

- ✓ S.S.H. Hidroserv Sebeș Department of Hydropower Services and Repairs – Rotor winding rehabilitation –2, 3 and 4 Coil connections – HPP Gâlceag
- ✓ S.S.H. Hidroserv Department of Hydropower Services and Repairs Portile de Fier - HG2 Rotor and stator rehabilitation works - HPP Tismana Aval
- ✓ S.S.H. Hidroserv Sebes Department of Hydropower Services and Repairs - Services performed on the generator stator and HA1 rotor – HPP Șugag

Moreover, the documents necessary to participate in the tender organized by SPEEH Hidroelectrica, Portile de Fier Branch for "LN3 Dismantling and repair of HA1 regulation circuit " - forged elements - HPP Portile de Fier I and for "LN3 Dismantling and repair of the regulation circuit HA1" - parts for turbines - HPP Portile de Fier I are being prepared.

E. Aspects regarding the recertifications of the Integrated Management System

Between 20.02.2023 - 23.02.2023, the first surveillance audit of the Footwear Management System of S.C. UCM Resita S.A. took place, based on the certification body LRQA RO SRL (LRQA Limited), in accordance with the reference standard SR EN ISO 9001: 2015.

The purpose of the external audit was to establish the degree to which the Company's Quality Management System continues to comply with the audit criteria, with the certified field of activity, with the applicable contractual, statutory and regulatory requirements, as well as verifying compliance with the requirements of SR EN ISO 9001: 2015, to ensure that the SMC achieves its specific objectives in this context.

After the audit, the maintenance of the Quality Management System certification was obtained in accordance with the reference standard SR EN ISO 9001: 2015; being no conformities identified and no improvement proposals noted.

F. Environmental Aspects

The Company's staff responded on time to all the obligations imposed by the environmental and water management authorizations for the two sites on which it operates:

- reports were drawn up and sent to the Integrated Environmental System regarding: industrial emissions, waste management, the situation of volatile organic compounds, the situation of hazardous chemical substances - with reference to the year 2022;
- internal environmental audits were started at the production sections;
- monthly online declarations were sent to the Environment Fund Administration.

As a result of the repeated requests of UCM Resita, the National Agency for Environmental Protection (ANPM) sent the Company address no. 1/1043/LAP/16.03.2023, by which the obligations were established upon the termination of the validity of authorizations no. 123/21.04.2021 and no. 124/21.04.2021 regarding greenhouse gas emissions for the period 2021-2030, for the ABC Platform Work Point and the Călnicel Platform Work Point. The mentioned address states that the EGES installations of UCM Reșița at the two working points are no longer the subject of the EGES certificate commercialization scheme, as the activity *Burning of fuels in installations with a total nominal thermal power of over 20 MW is no longer carried out on the site of these installations (with the exception of installations for the incineration of hazardous or municipal waste)*, regulated by GD 780/2006.

Thus, the two authorizations ceased to be valid starting from 16.03.2023.

ANPM established the obligations of UCM Reșița upon exiting the EGES scheme:

- the obligation regarding the proposal of the figure of GES emissions in the EU EGES Register, for the year 2022, for the two working points, with a deadline on 31.03.2023 - carried out by UCM Resita on 07.03.2023;
- the obligation to pay the administration fees of the two accounts of UCM Reșița in the EU EGES Registry, for the year 2022, with a deadline on 15.04.2023 - carried out by UCM Reșița on 13.04.2023;
- the obligation regarding the achievement of compliance - the return to the EU EGES Register of a number of EGES certificates equal to the total number of greenhouse gas emissions from the respective installations in 2022, respectively 249 certificates with a deadline on 30.04.2023.

Since the EGES installations on the two industrial platforms no longer reach the 20 MW level of 2012, from which the combustion installations must be included/maintained in the commercialization scheme of greenhouse gas emissions certificates, a fact repeatedly reported to the Agency for Caraș-Severin Environmental Protection and the National Agency for Environmental Protection, UCM Resita will not proceed with the purchase of 249 certificates for delivery.

As soon as it receives the imposition decision regarding the application of the penalty provided in the case of non-return of greenhouse gas emissions certificates for the year 2022, UCM Reșița will challenge this decision as it did in the case of the imposition Decision no. 2/05.05.2022 regarding the application of the penalty provided in case of non-return of greenhouse gas emissions certificates for the year 2021, registered with the Environment Fund Administration under no. 24658/09.05.2022, issued by the General Directorate of Fiscal Administration/Evidence and Collection Directorate.

G. Implementation of the Reorganization Plan

In order to implement the provisions of the Reorganization Plan, the Judicial Administrator continued in the first quarter of 2023 the steps to capitalize assets that are not part of the core business.

According to the Tender Minutes, generated by the unpir.ro platform, on 31.03.2023 the sale of the asset "Thermal plant" composed of 4 boilers of 10 Gcal/h and the related installations located on the ABC platform - decommissioned, was conferred according to the Approval of the Creditors' Assembly from 04.08.2022.

In accordance with the Sales Regulations approved by the Assembly of Creditors, the Judicial Administrator continued in the first quarter of 2023 the promotion, market exposure and organization of auctions for the asset:

- ✓ " Casa de cultură /House of culture" located in Reșița, Caraș Severin county, composed of land with an area of 9,360 sqm, the constructions that make up the House of Culture Building and the related movable assets, real estate registered in Land Registry No. 32854 Reșița (old CF 1738), having cadastral no. 656 and topographic no. 22/1, 23/1, 24/1, 25, 26, 27, 28".

H. Other significant events for the activity of UCM Resita

In the first quarter of 2023, U.C.M. Resita S.A. fulfilled its obligations to transfer to the state budget the withholding taxes and social contributions related to the period November 2022 - January 2023.

The lack of liquidity faced by the Company did not allow the payment of the withholding taxes and social contributions related to the month of February, at due date (25.03.2023).

In order to implement the Reorganization Plan, the Company continued in the first quarter of 2023 the steps necessary to transfer the core business to another entity.

Thus, on 20.02.2023, the Consortium formed by Euro Insol SPRL and V.F. INSOLVENCY SPRL as judicial administrator of U.C.M. Reșița S.A. declared the winner of the overbidding stage within the direct sale procedure of the business lines related to the ABC platform and partially to the Călnice platform, The Company for the Production of Electric Energy in Hydropower Plants Hidroelectrica S.A. ("Hidroelectrica").

On 14.02.2023 at the headquarters of UCM Reșița, in the presence of the cadastre specialist appointed by the Creditors' Committee, the parties established the final details regarding the land areas that will be the subject of the transfer.

Currently, the cadastral company performs all the topographical and cadastral operations that are required in order to delimit the perimeter that will be taken over by Hidroelectrica.

In parallel with these operations, the parties prepare the draft of the sale-purchase contract.

I. Subsequent events to the reference period

The Creditors' Meeting convened for 20.04.2023 approved the capitalization of the following assets:

- ✓ The built-up area located in Reșița, Caraș-Severin county, in an area of 11,545 square meters, registered in the Land Register no. 34325 (old CF no. 9234), cadastral no. 34325 (topographic no.: 259/a/11/a/1/2/k/2/2/145/5/f/1/2/1/) on which the C1 annex construction (Depozitul de modele – Dealul Mare (ruin)) is mentioned in the Land Registry, with a footprint (building) area of 269 sqm.
- ✓ The built-up area located in Moniom, Caraș-Severin county, in an area of 24,676 square meters, registered in the Land Register no. 35477 (old CF no. 436-MONIOM), cadastral no. 35477 (topographic no.: 202/a/1/a/1) on which it is mentioned in the Land Registry the C1 annex construction (a household (ruin), having a footprint (building) area of 222 square meters.

In accordance with the Sales Regulations approved by the Creditors' Assembly, for the two plots of land, the judicial administrator has started the promotion, exposure on the market and organized the first auction session to be held on 03.05.2023, 10.05.2023, 17.05.2023 and 31.05.2023 starting from the market value of 100% established in the valuation report, for each asset.

Judicial Administrator:

EURO INSOL SPRL and VF Insolventa SPRL Consortium

HR and Economic Director:
Nicoleta Liliانا IONETE



**STATEMENT OF JUDICIAL ADMINISTRATOR
OF
UCM RESITA SA COMPANY**

The Special Trustees of *the Company* hereby declare that they assume their responsibility for the Interim Financial Statements on March 31, 2023.

The Special Trustees of *the Company* confirm, regarding the interim Financial Statements on March 31, 2023, the followings:

- a) The Interim Financial Statements are prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union;
- b) The accounting policies used in preparing the Interim Financial Statements are in accordance with the applicable accounting regulations;
- c) The Interim Financial Statements present a fair image on the financial position, financial performance and other information related to the activity carried out;
- d) *The Company* carries out its activity under the condition of continuity.

This statement is in accordance with Art. 30 of the Accounting Law No. 82/1991, republished.

Judicial Administrator:
EURO INSOL SPRL and VF Insolventă SPRL Consortium



Statement of financial position on 31.03.2023

				Lei	
Reference Statement of financial position IAS 1.10(a), 113	Note	Balance sheet items	Balance on 01.01.2023	Balance on 31.03.2023	
IAS 1.54(a)	3	Tangible fixed assets	51,961,419	51,357,695	
IAS 1.54(c)	3	Intangible fixed assets	466,756	470,605	
	3	Financial assets	3,192,928	3,445,394	
		Total of fixed assets	55,621,103	55,273,694	
IAS 1.54(h)		Trade receivables and receivables from affiliated entities	2,378,982	1,680,455	
IAS 1.54(g)	5	Stocks	14,299,508	15,492,141	
IFRS 5.38		Deferred tax assets	69,115,526	69,115,526	
IAS 1.54(o), 56	12	Fixed assets held for sale	10,724,131	10,724,131	
IAS 1.54(h)	4	Deferred tax assets	1,010,611	973,594	
IAS 1.54(i)	6	Other receivables	6,152,844	4,336,737	
		Cash and cash equivalents	15,566	619,792	
		Prepayments	103,697,168	102,942,376	
		Total of current assets	103,697,168	102,942,376	
		TOTAL ASSETS	159,318,271	158,216,070	
IAS 1.54(k)	7	Supplies and other trade payables	9,739,295	11,159,512	
IAS 1.54(k)	7	Taxes and other debts	404,982,636	408,261,751	
IAS 1.54(o), 56	12	Deferred tax debts	23,532,236	23,532,236	
IAS 1.54(l)	8	Provisions	82,817,115	82,732,814	
IAS 1.55, 20.24		Revenues in advance	26,789,156	26,781,290	
		Total debts	547,860,438	552,467,603	
		Total assets minus Total debts	(388,542,167)	(394,251,533)	
	9	Registered capital	601,685,084	601,685,084	
	3	Revaluation reserves	99,553,985	98,982,507	
	9	Legal reserves	1,972,406	1,972,406	
		Other reserves	16,088,620	16,088,620	
	9	Carried over result	(1,536,171,699)	(1,107,270,784)	
	9	Current result	428,329,437	(5,709,366)	
	9	Profit sharing, establishing of legal reserves	-	-	
		Total equity	(388,542,167)	(394,251,533)	
		TOTAL LIABILITIES	159,318,271	158,216,070	

Judicial Administrator:

EURO INSOL SPRL and VF Insolvență SPRL Consortium

HR and Economic Director
Nicoleta Liliana IONETE



Statement of comprehensive income on 31.03.2023

- Lei -

Reference STATEMENT OF OVERALL RESULT IAS 1.10(B), 81(A)	Explanations	31.03.2022	31.03.2023
IAS 1. 82(a) IAS 1.99,103	Operating revenues	2,174,737	4,577,945
IAS 1.99, 103	Cost of sales	7,238,395	6,972,447
	Gross operating profit (loss)	(5,063,658)	(2,394,502)
IAS 1.99, 103	Other operating revenues	526,564,216	8,157
IAS 1.99, 103	Distribution costs	-	-
IAS 1.99, 103	Administrative expenses	4,102,598	3,446,442
IAS 1.99, 103	Other operating expenses	66,861,888	(155,972)
IAS 1. 82(a) IAS 1.99,103	Financial revenues	611,953	142,146
IAS 1.82(b)	Financial expenses	445,985	174,697
IAS 1.85	Result before tax	450,702,040	(5,709,366)
IAS 1.82(d), IAS 12.77	Income tax expenses	31,874,017	-
	Net Profit (loss)	418,828,023	(5,709,366)
	Establishing of legal reserves under Law 31/1990	-	-
IFRS 5.33(a), 1.82(e)	Profit attributable to:	-	-
IAS 1.83(b)(ii)	Owners of the Company	-	-
IAS 1.83(b)(i)	Non-controlling interests	-	-

Judicial Administrator:

EURO INSOL SPRL and VF Insolvență SPRL Consortium

HR and Economic Director
Nicoleta Mariana IONETE



S.c. U.C.M. Reșița s.a.
(company in judicial reorganisation, en redressement)
Separate Financial Statements on March 31, 2023
(all amounts are given in lei (RON) unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON MARCH 31, 2023

Explanation/Description 1	Registered capital 2	Revaluation reserves 3	Legal reserves 4	Carried over result representing surplus from revaluation reserves 5	Other reserves 6	Carried over result 7	Current result of the accounting year 8	Total 9
Balance on 01 January 2023								
Changes in equity - March 31, 2023	601,605,004	99,553,985	1,972,406	273,569,869	16,088,620	(1,808,741,568)	428,329,437	(388,542,167)
Transfer of surplus from revaluation reserves								
Transfer of the result of the accounting year 2022 to the carried over result		(571,478)		571,478				
Account closing - profit share								
Registration of accounting errors from previous years to the carried over result								
Net result of the current accounting year								
Balance on 31 March 2023 IFRS	601,605,004	99,553,985	1,972,406	273,569,869	16,088,620	(1,808,741,568)	(5,709,366)	(5,709,366)
The legal reserves of the Company, constituted in accordance with the provisions of the Commercial Companies Act, as at 31 March 2023 amount to 1.972.406 lei.								
The Company's legal reserve is partially constituted in accordance with the Companies Act, according to which 5% of the annual accounting profit is transferred within the legal reserves until their balance reaches 20% of the Company's share capital. If this reserve is used wholly or partly to cover losses or to distribute in any form (such as the issuance of new shares under the Companies Act), it becomes taxable in the calculation of corporation tax.								
We mention that on March 31, 2023, the Company has not yet reached the maximum level of legal litigation.								

Judicial Administrator:

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STATEMENT OF CASH FLOWS ON 31.03.2023

-Lei-

Name of the element	No. line	Financial exercise ended on:	
		31 March 2022	31 March 2023
OPERATING ACTIVITIES			
Net profit+Result carried over from correction of accounting errors	1	418,828,023	(5,709,366)
Adjustments for:			
Adjusting the value of tangible and intangible assets	2		
Adjusting the value of financial assets	3	1,099,059	611,591
Expenses (revenues) with adjustments for depreciation of current assets	4	(391,153)	(30,327)
		7,192,577	(71,672)
Adjustments to the provisions for risks and expenses	5	59,610,844	(84,301)
Expenses with the donating granted	6	-	-
Revenues from interests and other financial income	7	(5,792)	(38,838)
Expenses with interests and other financial income	8	-	-
Cash flow before changes in working capital (line 1 to 8)	9	486,333,558	(5,322,913)
Decrease /(Increase) – customers and other assimilated accounts	10	3,661,379	(19,149)
Decrease /(Increase) in stocks	11	(166,005)	(1,192,633)
Decrease /(Increase)- supplies and other assimilated accounts	12	(364,918,072)	4,691,465
Cash flow from operating activities (row. 9 to 12)	13	124,910,860	(1,843,230)
Revenue from interests	14	5,792	38,839
(Net increase) / Net decrease in restraint	15	(954)	30,349
Cash flow from operating activities (row.13 to 15)	16	124,915,698	(1,174,042)
INVESTING ACTIVITIES			
Cash payment for long-term purchasing of land and other assets	17	-	(11,716)
Proceeds from sales of real estate	18	-	-
Revenues from dividends	19	-	-
Net cash used in investing activities (row. 17 to 19)	20	-	(11,716)
FINANCING ACTIVITIES			
Discounts of borrowed amounts	21	(126,292,405)	-
Net cash used in financing activities (line. 21)	22	(126,292,405)	-
Net increase/(Decrease) in cash and cash equivalents (line 17+20+23)	23	(1,376,707)	(1,785,758)
Cash and cash equivalents at the beginning of the year	24	7,240,752	5,954,786
Cash and cash equivalents at the end of the period (row. 23+24)	25	5,864,045	4,169,028

Judicial Administrator:

EURO INSOL SPRL and VF Insolvență SPRL Consortium

HR and Economic Director
Nicoleta Lădiana IONETE



Economic - Financial Indicators on 31.03.2023

Indicator	Calculation method	Value
1. Current liquidity	$1=2/3$	0.23
2. Current assets (lei)	2	102,322,584
3. Current liabilities (lei)	3	442,953,499
4. Level of indebtedness	$4=5/6$	#N/A
5. Borrowed capital (lei)	5	0
6. Capital employed (lei)	6	(394,251,533)
7. Turnover ratio of customer debits (days)	$7=8/9 \times (365/4)$	39
8. Average balance of trade receivables (lei)	8	1,959,712
9. Turnover (lei)	9	4,577,945
10. Turnover ratio of fixed assets (days)	$10=11/12 \times (365/4)$	1,102
11. Fixed assets (lei)	11	55,273,693
12. Turnover (lei)	12	4,577,945

Judicial Administrator:

EURO INSOL SPRL and VF Insolvență SPRL Consortium

HR and Economic Director

Nicoleta Liliana IONETE



1. Reporting entity

General information

IAS 1.138 (a), (b), **UCM REȘIȚA S.A.** - (company in insolvency, en procedure collective) is a joint stock company with the headquarters in Romania.

IAS 1.51(a)-(c) The separate financial statements, in accordance with IFRS, has been prepared for the accounting year ended on March 31, 2023.

The main activity of the Company is the manufacture of engines and turbines (except aircrafts, vehicles and motorcycles) – CAEN Code: 2811.

The Company was incorporated and registered at ONRC based on the Government Decision (GD) no. 1296/1990 completed and modified by GD no. 334/1991, operating under the laws of Romania.

On 31.03.2023, the registered office of UCMR was in Bucharest, Charles de Gaulle Square 15, Charles de Gaulle Plaza Building, 3rd Floor, Peleş Office, Sector 1, as mentioned in Endorsement no. 592087/15.11.2019, registered at ONRC at no. J40/13628/2011, Fiscal Code RO 1056654, and the administrative headquarters in Resita, Golului Street No. 1.

The main activity of the Company consists in manufacturing and marketing of hydro power units (hydraulic turbines, valves, governors and hydro generators), hydro mechanical equipment, large hydraulic servomotors, bearings and half-bearing shells, spare parts for Diesel engines and others.

The Company provides also services for the design of new constructive solutions or for the rehabilitation and enhancement of the existing ones, as well as specialized engineering services for technical assistance in areas related to its main field of activity.

The Company's products and services are delivered/delivered both on the domestic market and on the foreign market.

In the domestic market, the main customers are in the hydro power field: S.P.E.E.H. HIDROELECTRICA SA, S.S.H HIDROSERV S.A and ROMELECTRO SA, plus ALMET INTERNATIONAL LTD SRL.

External clients are active both in the hydropower field and in other areas, and are from Austria, and Germany.

The individual financial statements have been prepared starting from the assumption that the Company will continue its business without significant changes in the foreseeable future.

2. Basis for preparation of separate financial statements

IAS 1.112(a)

2.1 Declaration of conformity

IAS 1.16 The Separate Financial Statements have been prepared in accordance with the provisions of the Order no. 2844/2016 of the Minister of Public Finance, with respect to the approval of Accounting Regulations in compliance with the International Financial

Reporting Standards (IFRS) applicable to companies whose marketable securities are admitted to trading on a regulated market (OMPF 2844/2016)

EURO INSOL SPRL and VF Insolvență SPRL Consortium as the Judicial Trustee/Administrator of the Company, undertake the liability for drawing up the Interim Separate Financial Statements on 31.03.2023 and confirm that they are in compliance with the applicable Accounting Regulations and the *Company* shall conduct its work under the condition of continuity.

2.2 Basis of evaluation

The Company drawn up the Interim Separate Financial Statements for the year ended on March 31, 2023 in accordance with OMPF 2844/2016, as amended and supplemented.

These provisions meet the requirements of International Financial Reporting Standards (IFRS) adopted by the European Union (EU), except for IAS 21 The Effects of change in foreign exchange rates on functional currency.

In order to prepare these Separate Financial Statements in accordance with legislative requirements in Romania, the functional currency of the Company is considered to be RON ("Romanian leu").

The Separate Financial Statements presented have been prepared on a historical cost basis. For all periods up to and including the year ended on December 31, 2011, the Company has prepared the Separate Financial Statements in accordance with the accounting principles generally accepted in Romania (OMPF 3055/2009, as amended).

The Separate Financial Statements for the year ended on December 31, 2012 were the first of this kind that the Company has prepared in accordance with IFRS, year when it was applied also IFRS 1 - "First-time Adoption of IFRS".

These Separate Financial Statements have been not audited.

The Company does not apply IFRS issued and not adopted on 31.03.2023, and cannot estimate the impact of non-application of these provisions on the separate financial statements, and intends to apply these provisions only at their entry into force.

In accordance with IAS 27 "Consolidated and Separate Financial Statements", the Company should present consolidated financial statements that strengthen the investments in subsidiaries. In preparing the consolidated financial statements should be combined the financial statements of the parent company and those of its subsidiaries, item by item, by adding together all similar items of assets, liabilities, equity, revenues and expenses.

On March 31, 2023, the *Company* also holds 1 subsidiary, s.c. MULTI-FARM s.r.l. that has as its object the sale of medicines and pharmaceuticals. The Company has decided not to present consolidated financial statements, considering that the consolidated financial information, which should be presented in the statement of financial position and overall result as on 31.03.2023, would not significantly differ from the Company's individual financial statements on 31.03. 2023.

2.3 Functional currency used for presentation

The items included in the separate financial statements of the Company are measured using the currency of the economic environment in which the entity operates ("the functional currency"), that means Romanian leu.

According to IAS 1.51 (d), (e), these separate financial statements are presented in Lei, and all financial information is in Lei, rounded to 0 decimal, unless otherwise stated.

2.4 The use of estimates and professional judgments

Preparation of separate financial statements in conformity with IFRS requires management's use of professional judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. The actual results may differ from these estimates.

The estimates and assumptions are reviewed regularly. These revisions of the accounting estimates are recognized in the period in which the estimate was reviewed and in future affected periods.

2.5 New International Standards that are not applied by the Company

The Company does not apply certain IFRSs/ IASs or new provisions/modifications/additions/ interpretations of them issued by the IASB (International Accounting Standards Board) and not adopted at the date of drawing up the financial statements.

Presentation of separate financial statements

The Company applies IAS 1 - "Presentation of Financial Statements" (2007) revised, which entered into force on January 1, 2009.

As a result, in the "Statement of Changes in Shareholders' Equity" the Company presents to shareholders all amendments thereto.

The comparative information has been reconciled so that they conform to the revised standard. As the impact of change in accounting policy is reflected only on presentation aspects, there is no impact on earnings per share.

IAS 1 "Presentation of Financial Statements" is governing the basis for presentation of financial statements for general purpose, in order to ensure comparability both with financial statements of the entity for previous periods and with the financial statements of other entities.

- ***Basis of accounting and reporting in hyperinflationary economies***

The currency used by the Company for evaluation and reporting is the "Romanian Leu" ("RON").

IAS 29 - "Financial Reporting in Hyperinflationary Economies", requires that the statements of companies that are reporting in the currency of a hyperinflationary economy should be made in terms of the current monetary unit at the date of the balance sheet and all amounts must be restated in the same conditions. IAS 29 states that reporting of operating results and financial position in local currency without restatement related to inflation is useless, since the money lose their purchasing power so quickly that a comparison between the value of transactions or of other events that occur at different moments, even within the same reporting period, is wrong. IAS 29 suggests that an economy should be considered hyperinflationary if certain conditions are met; one of them being that the cumulative rate of inflation over a period of three years exceeds 100%.

By December 31, 2003 adjustments were made to reflect the application of IAS 29 "Financial reporting in hyperinflationary economies".

Implementation of IAS 29 to specific categories of transactions and balances in the financial statements is presented below:

- **Monetary assets and liabilities**

Monetary assets and liabilities have not been reassessed for the implementation IAS 29 since they are already expressed in terms of the current monetary unit at the date of the balance sheet.

- **Non-monetary assets and liabilities and equity**

Equity components have been restated by applying the inflation index for the month in which the assets, liabilities and equity components were initially recorded in the financial statements (the date of purchase or contribution) until December 31, 2003. The remaining non-monetary assets and liabilities are not restated using the inflation index, considering that their value is updated as a result of the application of alternative accounting treatments of evaluation during the previous periods.

b) Estimates and assumptions

Preparation of individual financial statements in conformity with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, of contingent assets and liabilities at the date of the financial statements and of the reported amounts of revenues and expenses registered during the reporting period. The actual results may be different from these estimates. The estimates are periodically reviewed and, if adjustments are required these are reported in the profit and loss account for the period in which they become known.

The uncertainties related to these estimates and assumptions may cause, in the future, significant adjustments of the values presented in the financial statements, as a result of insolvency proceedings which the Company is involved.

These adjustments are likely to significantly affect the Company's assets that can no longer be achieved under normal operating conditions, in this case being required a massive depreciation in value (possibly more than 50%) due to the very probable recovery by enforcement and / or by the procedure of insolvency, a situation that causes a corresponding damage to the profit and loss account.

In the process of applying the Company's accounting policies, the management has made estimates for provisions, impairment of receivables and stocks, which have significant effect on the values stated in the individual financial statements.

c) Registered capital

The shares held by the Company are classified (shown) at nominal values and, in accordance with the Law of Trading Companies (L 31/1990) and the articles of incorporation their total value is to be found in the registered capital.

The dividends on holdings of shares (capital), established under Decision of AGA, are recognized as a liability in the period in which their distribution is approved.

d) Equity papers in affiliated entities

The investments held in affiliated entities are presented in the separate financial statements of the Company at cost less any impairment.

The dividends receivable from affiliated entities are recognized when the Company established the right to receive payment.

e) Tangible fixed assets

Recognition and measurement of fixed assets

The fixed assets, except lands and buildings, are recognized according to the requirements of OMFP 2844/2016 and are shown in the accounts at cost, less the accumulated depreciation and the impairment losses.

The buildings are stated at fair value based on periodic assessments, at least every three years, carried out by independent external evaluators. Any accumulated depreciation at the date of revaluation is eliminated from the gross carrying amount of the asset and the net amount is recorded as revalued amount of the asset.

The buildings are stated at revalued amounts on 31.12.2014 and the lands at revalued amount on 31.12.2011.

If a fixed asset includes significant components that have different useful lives, they are accounted (depreciated) individually.

Subsequent expenses on maintenance and repairs

The expenses with repairs or maintenance of fixed assets are made to restore or maintain the value of these assets and are recognized in the comprehensive income on the date they are made, while the expenses made in order to improve the technical performance are capitalized and depreciated over the remaining period of depreciation for that fixed asset.

Depreciation

The fixed assets are depreciated from the month following the date of purchase or the date of commissioning, as appropriate, using their lifetime periods.

Depreciation is calculated using the straight-line method over the lifetime of the fixed assets and/or their components, which is accounted separately.

The terms of depreciation used are as follows:

Constructions	6 – 50 years
Equipment and machinery	2 – 28 years
Other installations, tools and furniture	2 – 15 years

The land and fixed assets in progress are not depreciated and the ongoing investments are depreciated from the date of commissioning.

The estimated useful lives and the depreciation method are reviewed periodically to ensure they are consistent with the projected evolution of economic benefits generated by the tangible assets.

Tangible assets are derecognized from the balance sheet when the asset exits the equity or when no benefits are expected from the use of the asset. Losses or gains on disposal/sale of fixed assets are recognized in the statement of the comprehensive income.

f) Intangible assets

Recognition and evaluation

The intangible assets acquired by the Company are recognized and presented at cost, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is recognized in the comprehensive income, on a straight line basis, over the estimated lifetime (service life) of the intangible asset.

Most of the intangible assets recorded by the Company are represented by the software programs, which are depreciated linearly over a period of 3 years.

g) Depreciation of the value for non-financial assets

According to IAS 36 Depreciation of Assets, the value of tangible and intangible assets is reviewed annually to identify circumstances that indicate their depreciation.

Whenever the net value of the asset exceeds its recoverable amount, depreciation of its value is recognized in the statement of the comprehensive income for tangible and intangible assets.

The recoverable amount represents the highest value between the net selling price of an asset and its value in use. The net selling price represents the amount obtainable from the sale of the asset in a normal transaction, and the value in use represents the present value of future cash flows estimated if continuing to use the asset and from its sale at the end of its service lifetime. The recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating units. Reversal of impairment losses recognized in previous years may occur when there is an indication that the impairment losses recognized for that asset no longer exist or has decreased; the cancellation shall be recorded as revenue.

h) Financial assets

In accordance with IAS 39 "Financial Instruments: Acknowledgment and assessment", the *Company's* financial assets are classified into the following categories: held-to-maturity and loans and receivables originated by the *Company*.

The investments with fixed or determinable payments and fixed maturity, other than loans and receivables originated by the *Company*, are classified as held-to-maturity.

These financial assets are recognized in the historical cost or at the value determined by their acquisition contract, the cost of acquisition including also the transaction costs, the gains and losses being recognized in the statement of the comprehensive income when the financial assets are derecognized or impaired, as well as through the depreciation process.

Derecognizing of financial assets occurs when the rights to receive cash flows from the asset have expired, or the *Company* has transferred its rights to receive cash flows from the asset (directly or through a "pass-through" commitment). All normal purchases and sales of financial assets are recognized at the transaction date, the date when the *Company* commits to purchase an asset.

Regular purchases and sales are those that require delivery of assets within the period generally accepted by the regulations or conventions valid on that market.

The *Company* has no financial assets at fair value registered in the profit and loss account or financial assets available for sale.

i) Financial debts

In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", the *Company's* financial debts are classified into the following categories: loans, trade debts and other debts.

The trade debts are stated at nominal amounts payable for goods or services received. Short and long term loans are initially recognized at the nominal value, representing the amount received under this head, not including the specific costs (fees, interest).

The gains and losses are recognized in the statement of the comprehensive income on derecognizing of debts, as well as through the depreciation process. Derecognizing of financial debts occurs if an obligation is fulfilled, canceled or expires. The financial assets and debts are compensated only if the *Company* has a legally enforceable right to make

compensations and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

j) Debts related to leasing contracts

Financial leasing contracts

The leasing contracts in which the Company takes substantially the risks and benefits of ownership are classified as financial leasing. The amounts due are included in the short or long term debts, the elements of interest and other costs of financing being recorded in the profit and loss account during the contract period. Assets held under the financial leasing contracts are reflected in the accounting system using the accounts of tangible and intangible assets and are depreciated over their useful lifetime.

The rates paid to the lessor plus the interest is highlighted as a debt in the account 406 "Debts from operations of financial leasing".

Operating leasing contracts

The leasing contracts in which a significant portion of the risks and benefits of ownership are assumed by the lessor are classified as operating leasing contracts, the payments (expenses) made under such contracts being recognized in the comprehensive income on a straight-line basis during the contract period, the leased assets are recorded in the accounting system of the lessee, in the off-balance sheet accounts.

k) Transactions in foreign currency

Functional currency and presentation currency: the financial statements of the Company are prepared using the currency of the economic environment in which operates.

The functional currency and the currency used for presentation of financial statements is the Romanian leu ("RON").

Transactions in foreign currency are translated into RON applying the exchange rate at the transaction date. The monetary assets and liabilities denominated in foreign currencies are revalued in RON at the exchange rate at the balance sheet date.

The gains and losses resulting from differences in foreign exchange rate, realized or unrealized, are recorded in the statement of the comprehensive income.

The exchange rates on March 31, 2022 and 2023 are as follows:

Currency	31 march 2022	31 march 2023
RON/EUR	4,9466	4,9491
RON/USD	4,4508	4,5463
RON/GBP	5,8374	5,6256
RON/CHF	4,8196	4,9573

l) Stocks

The stocks are recorded in the accounting system at the minimum value between the cost and the net realizable value.

The net realizable value represents the estimated selling price to be received under ordinary course of activity, less the costs related to sell.

The value of stocks is based on the weighted average cost, including expenses incurred in acquiring them and bringing to the current location, and in the case of stocks produced by

the *Company* (semi-finished and finished goods, work in progress); the cost includes an appropriate percentage from the indirect costs, depending on the organization of production and the current activity. The inventory method used is that of "perpetual inventory".

At the annual inventory of stocks, the *Company* identifies the stocks that are not intended for sale contracts in progress or have not been identified as useful in current manufacturing costs or future projects.

The *Company's* management analyzes and proposes/decides the adjustments (depreciation) of stocks according to the accounting policy approved in this respect and the results of the inventory.

The inventory of stocks shall be made according to the internal procedure and the inventory manual, related both to the needs of the *Company* and the law in force.

m) Receivables

Trade receivables are stated at their nominal value less the adjustments for their depreciation, the adjustments that are carried out where there is objective data and information about the fact that the *Company* will not be able to collect all amounts in due time.

The *Company* records depreciations of 100% for trade receivables older than 360 days and for those in dispute.

n) Cash and cash equivalents

The cash includes the cash in hand and in bank accounts. Cash equivalents are short-term investments, highly liquid, which can be quickly converted into a sum of money, with the original maturity of maximum three months and have an insignificant risk of change in value.

Records of them are kept on banks, currencies, respectively on pay desks and cash advances holders being evaluated, in case of foreign currency by using their exchange rate (reference rate) with the national currency (RON) released by the National Bank of Romania (BNR).

o) Debts

The debts are initially recognized at the fair value of the consideration to be paid and include the payable amounts, invoiced or not, for goods, works and services.

q) Loans

The costs related to loans are recorded as an expense in the period in which they occur, except the case when the loans are for the construction of assets that are qualified for capitalization. The *Company* classifies its loans on short-term and long-term, depending on the maturity specified in the credit agreement.

The loans are initially recognized at the net value of withdrawals. They are subsequently carried at the depreciated cost, using the method of effective interest rate, the difference between the value of withdrawals and the redemption value being recognized in the net profit of the period, during the entire loan period.

p) Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all conditions attached will be satisfied. When the grant relates to an expense item, it is recognized as income over the period necessary to correlate, on a systematic basis, the grant with the costs to be offset. When the grant relates to an asset, it is

recognized as deferred income and taken to income in equal amounts over the expected life of the related asset.

When the *Company* receives non-monetary grants, the asset and the grant are recorded at gross and nominal values and they are reflected in the overall result over the expected life and the consumption rate of the benefit afferent to the support asset, in equal annual installments. When loans or similar forms of assistance are provided by the government or similar institutions at an interest rate below the rate applicable on the market, the effect of this favorable interest is regarded as additional government grant.

r) Benefits of employees

Short-term benefits:

The *Company* contributes for its employees by paying contributions to Social Security (retirement, health) giving them some benefits upon retirement, according to the period of work in the company (a reward up to 4 gross salaries per *Company* for a seniority over 25 years in UCM Resita, respectively up to 2 average gross salaries per *Company* for a seniority between 10-25 years in UCM Resita, respectively 1 average gross salaries per company for a seniority between 5-10 years in UCM Resita). These contributions are recognized as an expense when the services are rendered.

In addition to the grants and allowances provided expressly by law, the *Company* grants to its employees the following benefits:

- granting of bereavement benefits representing four average gross wages per *Company* upon the death of an employee of the *Company* and one average gross salary per company in case of death of the husband (wife) or of a first degree relative (parents, children);
- granting of two average gross wages per *Company* for the birth of each child;
- granting of one average gross salary per to the dismissal of an employee for whom it was issued a decision by the relevant medical expertise finding physical and/or mental inability thereof, which does not allow him to fulfill his duties appropriate to the position held.

Post employment benefits –plan for retired pay:

The *Company* does not contribute to any other plan for retired pay or retirement benefits and has no other future obligations such as those mentioned, for its employees.

s) Profit tax

The tax on profit or losses of the year comprises current tax and deferred tax. The assets and liabilities for current profit tax, for current and prior periods, are recognized at the value expected to be reimbursed by or paid to the taxation authorities.

The current profit tax is calculated in accordance with tax legislation in force in Romania and is based on the results reported in the statement of the comprehensive income of the *Company*, prepared in accordance with local accounting standards, after adjustments performed for tax purposes. The current profit tax is applied to the accounting profit, as adjusted in accordance with tax legislation at a rate of 16%.

The tax losses may be carried forward for a period of 7 (seven) years.

The deferred profit tax reflects the tax effect of temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the tax values used in order to calculate current profit tax. The deferred profit tax, recoverable or payable, is determined using tax rates that are expected to be applicable in the year in which the

temporary differences will be recovered or settled. Assessment of the deferred profit tax, payable or recoverable, reflects the tax consequences that would follow from the manner in which the *Company* expects to realize or settle the carrying amount of its assets and liabilities at the date of the balance sheet.

The assets and liabilities from the deferred tax are recognized regardless of when the temporary differences are likely to be realized.

The assets and liabilities from the deferred tax are not updated. The assets from the deferred tax are recognized when it is probable that there will be sufficient future taxable profits against which the deferred tax can be used. The liabilities from the deferred tax are recognized for all taxable temporary differences.

s) Recognition of revenues and expenses

The revenues from sale of goods are recognized in the comprehensive income at the date when the risks and benefits of ownership on the goods are transferred to the buyer which, in most cases, coincides with the date of invoice (delivery) thereof.

The revenues from the goods sold (delivered) and services rendered are recognized on an accrual basis, respectively at the date of delivery/provision (transfer of ownership) to the customer.

The revenues from interest are recognized in installments (proportionally) as they are invoiced/ are generated according to contracts/agreements under which the loans were granted on an accrual basis.

The revenues are recognized when there is no significant uncertainty regarding recovery of the counter benefits due and associated costs or possible returns on the assets.

The expenses are classified and recognized based on the principle of their connection to revenues, respectively their allocation on products, services which make these revenues.

The production cost of stocks is followed on projects and, within these projects, on each individual product and includes direct costs related to production (direct materials, direct labor, and other direct costs attributable to products, including design costs) and the share of indirect costs of production allocated rationally as related to their manufacture.

The general administrative expenses, selling expenses and unallocated share of fixed overhead products (indirect production costs that are relatively constant, regardless of the volume of production) are not included in the cost of stocks but are recognized as expenses in the period in which they occurred.

The *Company* applies the principle of separation of accounting years for the recognition of revenues and expenses that are classified in three categories (operational, financial and exceptional).

t) Fair value of financial instruments

The management believes that the fair values of the *Company's* financial instruments are not significantly different from their carrying values, due to the short terms of settlement, reduced transaction costs and/or the variable interest rate that reflects current market conditions.

u) Provisions

A provision is recognized when, and only when the *Company* has a current obligation (legal or constructive) as a result of a past event and if it is probable (more likely to succeed than not be realized) as an output of resources embodying economic benefits, will be required to settle the obligation, and it can make a reasonable estimate of the amount of the obligation. The provisions are reviewed at the end of each accounting year and are adjusted to reflect the current best estimate.

When the effect of money value in time value is significant, the value of the provision is the present value of the expenses required to settle the obligation.

u) Contingent debts or assets

The contingent debts are not recognized in the financial statements. They are disclosed in notes, unless the case when the possibility of an outflow of resources embodying economic benefits is very small.

A contingent asset is not recognized in the financial statements but is disclosed in notes when an inflow of economic benefits is probable.

v) Subsequent events

The events subsequent to the date of the balance sheet are those events, favorable and unfavorable, that occur between the date of the balance sheet and the date when the financial statements are authorized for issue.

The events subsequent to the date of the balance sheet that provide additional information about the *Company's* position at the date of the balance sheet are subsequent events that led to adjustment of the financial statements.

The events subsequent to the date of the balance sheet that provide information about the conditions that arose after the balance sheet date don't require adjustment of the financial statements and are disclosed in the notes, if they are significant.

w) Affiliated parties

A party is considered to be affiliated if by ownership, contractual rights, and family relationship, or otherwise, has the power to control directly or indirectly or to influence significantly the other party.

Affiliated parties include also individuals such as main owners, management and members of the Board of Directors and their families.

According to the International Financial Reporting Standards, **an entity is affiliated to a reporting entity if it meets any of the following conditions:**

- The entity and the reporting entity are members of the same group;
- An entity is an associate or joint venture of the other entity;
- Both entities are joint ventures of the same third party;
- An entity is a joint venture of a third entity and the other is an associate of the third entity;
- The entity is a post-employment benefit plan for the benefit of the reporting entity's employees or an entity affiliated to the reporting unit. If the reporting entity itself represents such a plan, the sponsoring employers are also affiliated with the reporting entity;
- A person who has control or joint control over the reporting entity, has significant influence over the entity or is a member of the key personnel of the entity's management;
- The entity is controlled or jointly controlled by a person or an affiliate member of its family, if that person:
 - Has control or joint control over the reporting unit;
 - Has significant influence over the reporting entity, or
 - Is a member of the key management personnel of the reporting unit or of a parent company of the reporting entity.

x) Correction of accounting errors

Accounting errors found in the financial statements at the date of their drawing up may refer either to the current accounting year or in previous accounting years, correction will be performed at the date when becoming aware of them.

When recording the operations required to correct the accounting errors, are applied the provisions of IAS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”, stating that the entity must correct retrospectively significant errors of the period in the first set of financial statements which publication was approved after their discovery, by means of: restating the comparative amounts for the prior period presented in which the error occurred or if the error occurred before the first prior period.

According to OMFP 2844/2016, correction of errors related to previous accounting years does not require publication of the revised yearly financial statements for that accounting year, and their correction is performed based on the retained earnings account, without affecting the result of the current accounting year.

For the correction of the errors related to the current financial year, wrong accounting entries are corrected, before the approval of the annual financial statements, by reversing (the registration in red/with the minus sign or by the method of the reverse registration) of the incorrectly recorded operation and, at the same time, the corresponding recording of the operation in question.

y) Reserves

The *Company* creates legal reserves according to Art. 183 of Law 31/1990.

Given the provisions of OMFP 2844/2016, the *Company* creates legal reserves from the profit of the entity, within the quotas and limits set by the law, but also from other sources provided by the law.

The *Company* considered necessary a change in the accounting policy for recognizing the surplus from revaluation of tangible fixed assets in order to incorporate it into a separate reserve account, as the assets are used by the *Company* (in proportion as they are depreciated), respectively when the assets are out of the accounting records.

Thus, starting with 2010, it was decided to recognize as realized the differences from revaluation of fixed assets in proportion as they are depreciated.

3. Significant transactions or events

By Civil Sentence no. 351/01.02.2022 issued by the Bucharest Court, VIIth Civil Section, in insolvency file no. 75017/3/2011, published in the Bulletin of insolvency proceedings no. 2457/09.02.2022, the Reorganization Plan proposed by the Judicial Administrator for the debtor U.C.M. Reșița SA was confirmed, as approved by the decision of the Creditors' Meeting of 26.10.2021, the debtor's activity during the reorganization being led by the Judicial Administrator.

The implementation of the measures specified in the Reorganization Plan must be carried out within a period of 3 years from the date of confirmation, with the possibility of extension for a maximum period of 1 year under the conditions provided for in art. 95, para. (4) from Law 85/2006.

In order to implement the Reorganization Plan, the *Company* continued in the first quarter of 2023 the steps necessary to transfer the core business to another entity.

Thus, on 20.02.2023, the Consortium formed by Euro Insol SPRL and V.F. INSOLVENCY SPRL as judicial administrator of U.C.M. Reșița S.A. declared the winner of the overbidding stage within the direct sale procedure of the business lines related to the ABC

platform and partially to the Călnicel platform, The Company for the Production of Electric Energy in Hydropower Plants Hidroelectrica S.A. ("Hidroelectrica").

On 14.02.2023 at the headquarters of UCM Reșița, in the presence of the cadastre specialist appointed by the Creditors' Committee, the parties established the final details regarding the land areas that will be the subject of the transfer.

Currently, the cadastral company performs all the topographical and cadastral operations that are required in order to delimit the perimeter that will be taken over by Hidroelectrica. In parallel with these operations, the parties prepare the draft of the sale-purchase contract.

In order to implement the provisions of the Reorganization Plan, the Judicial Administrator continued in the first quarter of 2023 the steps to capitalize assets that are not part of the core business.

According to the Tender Minutes, generated by the unpir.ro platform, on 31.03.2023 the sale of the asset "Thermal plant" composed of 4 boilers of 10 Gcal/h and the related installations located on the ABC platform - decommissioned, was conferred according to the Approval of the Creditors' Assembly from 04.08.2022.

In accordance with the Sales Regulations approved by the Assembly of Creditors, the Judicial Administrator continued in the first quarter of 2023 the promotion, market exposure and organization of auctions for the asset:

- ✓ " Casa de cultură /House of culture" located in Reșița, Caraș Severin county, composed of land with an area of 9,360 sqm, the constructions that make up the House of Culture Building and the related movable assets, real estate registered in Land Registry No. 32854 Reșița (old CF 1738), having cadastral no. 656 and topographic no. 22/1, 23/1, 24/1, 25, 26, 27, 28".

Further on, after the date of these situations, the Creditors' Meeting, convened for 20.04.2023, approved the capitalization of the following assets:

- ✓ The built-up area located in Reșița, Caraș-Severin county, in an area of 11,545 square meters, registered in the Land Register no. 34325 (old CF no. 9234), cadastral no. 34325 (topographic no.: 259/a/11/a/1/2/k/2/2/145/5/f/1/2/1/) on which the C1 annex construction (Depozitul de modele – Dealul Mare (ruin)) is mentioned in the Land Registry, with a footprint (building) area of 269 sqm.
- ✓ The built-up area located in Moniom, Caras-Severin county, in an area of 24,676 square meters, registered in the Land Register no. 35477 (old CF no. 436-MONIOM), cadastral no. 35477 (topographic no.: 202/a/1/a/1) on which it is mentioned in the Land Registry the C1 annex construction (a household (ruin), having a footprint (building) area of 222 square meters.

In accordance with the Sales Regulations approved by the Creditors' Assembly, for the two plots of land, the judicial administrator has started the promotion, exposure on the market and organized the first auction session to be held on 03.05.2023, 10.05.2023, 17.05.2023 and 31.05.2023 starting from the market value of 100% established in the valuation report, for each asset.

As regards the situation of commercial contracts on 31.03.2023, the Company had pending contracts totaling 7,727,415 lei, with delivery in 2023.

s.c. U.C.M. Reșița s.a.
(company in judicial reorganisation, en redressement)
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(all amounts are given in lei (RON) unless otherwise stated)

In the period January - March 2023, offers were sent at the request of potential clients in the amount of 72,449,394 lei, of which 5,568,954 lei were materialized in contracts during the same period.

Moreover, the documents necessary to participate in the tender organized by SPEEH Hidroelectrica, Porțile de Fier Branch for "LN3 Dismantling and repair of HA1 regulation circuit" - forged elements - HPP Porțile de Fier I and for "LN3 Dismantling and repair of the regulation circuit HA1" - parts for turbines - HPP Porțile de Fier I are being prepared.

Judicial Administrator:

EURO INSOL SPRL and VF Insolvență SPRL Consortium

HR and Economic Director
Nicoleta Liliana IONETE

