

U.C.M. Resita S.A.
Sediu Social: Piata Charles de Gaulle, nr. 15
Clădirea Charles de Gaulle Plaza, etaj 3, birou Peles
011657, sector 1, Bucuresti, Romania
Sediu Administrativ: Str. Golului, Nr. 1, 320053, Reșita, Romania
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in reorganizare judiciară, în
judicial reorganization, on
redressment

CURRENT REPORT

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

Date of the report: 16.05.2022

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 2022

S.C. U.C.M. Resita S.A. informs the general public about the availability of the Report for the first quarter of 2022.

The Report for the first half can be found, as of 16.05.2022 ., 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.

S.C. U.C.M. Resita S.A. informs the general public that the financial statements of the company for the first quarter of 2022 were approved by the Creditors' Committee on 29.04.2022, according to the Minutes no. 348 / 29.04.2022.

The financial statements of the company for the first quarter of 2022 are not audited.

In the table below is presented the situation of assets, liabilities and equity on March 31, 2022 compared to the beginning of the year 2022 is as follows :

Lei

No.	Balance sheet items	01.01.2022	31.03.2022
1	Fixed assets	121.098.229	120.054.287
2	Current assets	49.621.450	37.909.808
3	Prepayments	40.764	24.738
	TOTAL ASSETS	170.760.443	157.988.833
4	Liabilities	926.204.790	434.994.313
5	Revenues in advance	11.277	11.277
6	Provisions	43.177.792	102.788.636
7	Equity	(798.633.416)	(379.805.393)
	TOTAL LIABILITIES	170.760.443	157.988.833



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Art de Industrie
In reorganizare judiciară, în
judicial reorganisation, en
redressement

The profit and loss account highlights the following indicators:

Lei			
No.	Designation of Items	31.03.2021	31.03.2022
1	Turnover (2+3-4)	3.760.962	2.174.737
2	Production sold	3.760.962	2.174.737
3	Revenues from sale of goods	-	-
4	Trade discounts granted	-	-
5	Changes in stocks: Credit balance	268.610	334.462
	Debit balance	-	-
6	Revenues from sale of tangible assets	-	-
7	Production of accounting year (1+/-5+6)	4.029.572	2.509.199
8	Other operating revenues	295.101	526.564.216
9	Operating revenues, total (7+8)	4.324.673	529.073.415
10	Financial revenues, total	368.293	611.953
11	Total revenues (9+10)	4.692.966	529.685.368

The structure of operating revenues is as follows:

No.	Designation of Items	31.03.2021	31.03.2022
1	Turnover	86,97%	0,41%
2	Changes in stocks	6,21%	0,06%
3	Capitalized production	0,00%	0,00%
4	Other operating revenues	6,82%	99,53%
	TOTAL	100,00%	100,00%

The expenses of the company are shown below:

Lei			
No.	Designation of items	31.03.2021	31.03.2022
1	Material expenses	914.470	424.388
2	Other external expenses (energy and water)	1.679.713	1.738.279
3	Expenses with the personnel	6.649.861	6.124.410
4	Adjustments	1.105.310	67.960.947
5	Other operating expenses:	1.512.021	2.289.319
6	Operating expenses, total	11.861.375	78.537.343
7	Financial expenses	16.620	445.985
8	Total expenses	11.877.995	78.983.328

Compared to the same period of 2021, at 31.03.2022 there is an increase in operating expenses, which is due to the increase in adjustments

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In reorganizare judiciară, în
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The structure of operating expenses is as follows:

No.	Designation of Items	31.03.2021	31.03.2022
1	Material expenses	8,06%	0,56%
2	Other external expenses (energy and water)	14,16%	2,21%
3	Expenses with the personnel	56,06%	7,80%
4	Adjustments	9,32%	86,53%
5	Other operating expenses	12,40%	2,90%
	Operating expenses, total	100,00%	100,00%

The evolution of the results is shown below:

No.	Indicator name	31.03.2021	31.03.2022
1	Operating revenues	4.324.673	529.073.415
2	Operating expenses	11.861.375	78.537.343
3	Operating result	(7.536.702)	450.536.072
4	Financial revenues	368.293	611.953
5	Financial expenses	16.620	445.985
6	Financial result	351.673	165.968
7	Profit tax	-	31.874.017
8	Net result of the accounting year	(7.185.029)	418.828.023

The net result of the financial year as at March 31, 2022 resulted in a net profit of 418,828,023 lei, compared to the same period of 2021, when a net loss of 7,185,029 lei was recorded

UCM RESITA SA- în reorganizare, în judicial reorganisation, en redressement,
Prin Administrator judiciar,
Consortiul format din V.F. Insolventă SPRL și EURO INSOL SPRL



s.c.U.C.M. Resita 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, 2022

Separate Financial Statements on March 31, 2022
(all amounts are given in lei (RON) unless otherwise stated)

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Judicial Administrator Report on 31 March 2022

The reports for the first quarter of 2022 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.

The first quarter of 2022 was marked by the confirmation of the Reorganization Plan by Decision 351 of 01.02.2022 pronounced by the Bucharest Tribunal in file no. 75017/3/2011, which ordered that, during the reorganization, the Company should be managed by the Judicial Administrator. P.4

In the first quarter, the Company continued its activity according to the status of a company under observation until 01.02.2022 and of a company in judicial reorganization, after this date.

For a unitary presentation of the evolution of the Company's activity, both in terms of the quarterly reports required by the capital market legislation, and in the reports provided in art. 106, paragraph 1 of Law 85/2006, the Judicial Administrator decided that, from the point of view of reporting, the quarters related to the Reorganization Plan should coincide with the calendar quarters.

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 2022.

A. Statement of assets, debts and equity

The situation of assets, debts and equity on 31.03.2022, compared to the beginning of 2022, is as follows::

Lei			
No.	Balance sheet items	01.01.2022	31.03.2022
1	Fixed assets	121,098,229	120,054,287
2	Current assets	49,621,450	37,909,808
3	Prepayments	40,764	24,738
	TOTAL ASSETS	170,760,443	157,988,833
4	Debts	926,204,790	434,994,313
5	Income in advance	11,277	11,277
6	Provisions	43,177,792	102,788,636
7	Owner's equity	(798,633,416)	(379,805,393)
	TOTAL LIABILITIES	170,760,443	157,988,833

Compared to the beginning of 2022, on 31.03.2022 the total assets registered a decrease of 7.48%, which is mainly due to the decrease of current assets by 23.60%, and current liabilities decreased by 53.03%.

Regarding the totality of the debts, we mention the fact that the Company implemented in the accounting, in February 2022, the Payment Program related to the Reorganization Plan.

Thus, the debt accounts were adjusted with the amount of 521,343,240 lei according with the Reorganization Plan which does not mention distributions to the categories of unsecured and subordinated receivables and distributions lower than the amounts allowed to the credit table for the category of unsecured budget receivables.

The debts existing in the balance on 31.03.2022 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 2022:

Lei				
Nr. crt.	Designation of indicator	01.01.2022	31.03.2022	Differences
0	1	2	3	4=3-2
1	Fixed assets	121,098,229	120,054,287	(1,043,942)
2	Current assets	49,621,450	37,909,808	(11,711,642)
3	Prepayments	40,764	24,738	(16,026)

The current assets existent in the patrimony registered the following evolution compared to the beginning of 2022

Lei				
Nr. crt.	Designation of indicator	01.01.2022	31.03.2022	Differences
0	1	2	3	4=3-2
1	Stocks, of which:	22,512,085	14,503,280	(8,008,805)
1.a	- raw material and consumables	3,937,490	3,769,034	(168,456)
1.b	- production in progress	13,332,659	7,026,068	(6,306,591)
1.c	- finished products and goods	5,099,641	3,702,449	(1,397,192)
1.d	- down payments	142,295	5,729	(136,566)
2	Other current assets of which:	27,109,365	23,406,528	(3,702,837)
2.a	- receivables	19,667,910	17,340,826	(2,327,084)
2.b	- cash and cash equivalents	7,441,455	6,065,702	(1,375,753)

Production in progress decreased mainly as a result of the increase in impairment adjustments related to the Cainenii HPP project. This increase was imposed due to the fact that through the Reorganization Plan the claim of Hidroelectrica SA representing an advance for this project was not included in the Payment Program.

Within the liabilities of *the Company*, the patrimonial changes compared to the beginning of 2022 are the following:

Lei				
No.	Indicator name	01.01.2022	31.03.2022	Differences
0	1	2	3	4=3-2
1	Owner's equity	(798,633,416)	(379,805,393)	418,828,023
2	Debts	926,204,790	434,994,313	(491,210,477)
3	Income in advance	11,277	11,277	-
4	Provisions for liabilities and charges	43,177,792	102,788,636	59,610,844

The resumption on income of the debts admitted to the credit table that did not benefit from distributions, respectively benefited from diminished distributions through the Payment Program had a significant impact on the owner's equity.

The Bucharest Court trails the criminal case no. 8308/3/2021, for the crime of embezzlement, for the amount of 59,480,839 lei, in which UCM Resita SA together with Energy Holding SA have the quality of civilly responsible parties.

In order to avoid the impact that the completion of this file could have on the future financial statements, the Company, according to the precautionary principle, constituted a provision for litigation amounting to 59,480,839 lei.

B. Profit and loss account

Following the confirmation of the Reorganization Plan and the correlation of the debts recorded in the credit table with the amounts to be distributed according to the Payment Program, the amount of 521,343,240 lei was resumed on revenues, which determined the significant increase of operating income compared to the same period of the previous year.

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

No.	Indicator name	31.03.2021	31.03.2022
1	Turnover (2+3-4)	3,760,962	2,174,737
2	Production sold	3,760,962	2,174,737
3	Revenues from sale of goods	-	-
4	Discounts granted	-	-
5	Changes in stocks: Credit balance	268,610	334,462
	Debtor balance	-	-
6	Capitalized production	-	-
7	Exercise production (1+/-5+6)	4,029,572	2,509,199
8	Other operating revenues	295,101	526,564,216
9	Operating revenues, total (7+8)	4,324,673	529,073,415
10	Financial revenues, total	368,293	611,953
11	Total revenues (9+10)	4,692,966	529,685,368

As a structure, the operating income, on 31.03.2022, is as follows:

Nr. crt.	Indicator name	31.03.2021	31.03.2022
1	Turnover	86.97%	0.41%
2	Changes in stocks	6.21%	0.06%
3	Revenues from sale of fixed assets	0.00%	0.00%
4	Other operating revenues	6.82%	99.53%
	TOTAL	100,00%	100,00%

The Company's are presented in the following table:
Lei

No.	Indicator name	31.03.2021	31.03.2022
1	Expenses on raw material and consumables	914,470	424,388
2	Other external expenses (energy and water)	1,679,713	1,738,279
3	Expenses with the personnel	6,649,861	6,124,410
4	Adjustments	1,105,310	67,960,947
5	Other operating expenses, of which :	1,512,021	2,289,319
6	Total operating expenses (rw. 1 la 5)	11,861,375	78,537,343
7	Total financial expenses	16,620	445,985
8	TOTAL EXPENSES	11,877,995	78,983,328

Compared to the same period of last year, on 31.03.2022 there is an increase in operating expenses, due to the increase in impairment adjustments and provisions for litigation.

As a structure, operating expenses are as follows:

No.	Indicator name	31.03.2021	31.03.2022
1	Expenses on goods	8.06%	0.56%
2	Other external expenses (energy and water)	14.16%	2.21%
3	Expenses with the personnel	56.06%	7.80%
4	Adjustments	9.32%	86.53%
5	Other operating expenses	12.40%	2.90%
	TOTAL	100,00%	100,00%

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

Nr. crt.	Indicator name	31.03.2021	31.03.2022
1	Operating revenues	4,324,673	529,073,415
2	operating expenses	11,861,375	78,537,343
3	Operating activities	(7,536,702)	450,536,072
4	Financial revenues	368,293	611,953
5	Financial expenses	16,620	445,985
6	Financial result	351,673	165,968
7	The profit tax	-	31,874,017
8	Net result for the financial year	(7,185,029)	418,828,023

The net result of the financial year on March 31, 2022 materialized in a net profit of 418,828,023 lei, compared to the same period of 2021 when a net loss of 7,185,029 lei was registered.

C. Status of sales offers and contracts

Between 01.01.2022 and 31.03.2022, at the request of potential customers, the Company sent offers totaling 65,428,369 lei, which materialized in contracts, within the same period, amounting to 1,335,509 lei.

It is expected that contracts will be concluded in the next period on the basis of offers submitted in the first quarter.

The Company's production activity is mainly focused on the execution and repair of hydropower equipment, but efforts are being made to find new customers in other fields of activity.

Thus, during March, it was possible to build a new business relationship with a German customer in the field the chemical industry, the objective of UCM Resita being to assimilate as many products of this type and build a series production.

It also aims to consolidate another area other than that of hydro parts, namely the repair of high power electric motors from 600 kW to 6,000 kW.

D. Personnel situation

On 31.03.2022, the company had 564 employees with an individual employment contract, both for an indefinite period and for a fixed period.

Direct productive staff represents 62.23% of the total staff, and the share of indirect productive staff, including TESA, is 37.76%. The report is kept within acceptable limits, although the Company has 102 fewer employees than on 31.03.2021.

UCM Resita, like many other companies in the Romanian industry, is facing, on the one hand, the lack of qualified staff on the labor market and, on the other hand, the permanent raising of the average age of staff.

On 31.03.2022, the Company has 40 employees who cumulate the pension with the salary, until the end of 2025, and 165 employees will meet the retirement conditions.

The situation of UCM Resita personnel on 31.03.2022, on the two industrial platforms (detailed on sections and services) is presented in the table below:

STATUS OF PERSONNEL BY SECTIONS AND SERVICES ON 31.03.2022

DEPARTMENT	No of Employees	of whom		Location-platform
		Direct	Indirect+ TESA	
DG0000 GENERAL DIRECTOR - CEO	1		1	ABC
DG0000 CEO AND ECONOMIC DIRECTOR ASSISTANT	1		1	ABC
DD0010 ELECTRICITY DISTRIBUTION SERVICE	23		23	ABC

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(company in judicial reorganisation, en redressement)
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DG0010 Safety and Occupational Health Service	1		1	ABC
DG0020 Private Emergency Service	13		13	ABC
DG0030 Audit and Quality Management Department	3		3	ABC
DG0040 Sales & Marketing Service	1		1	ABC
DG0050 Contract Management Service	3		3	ABC
DG0060 Environmental Protection Service	2		2	ABC
DI0010 ADMINISTRATIVE AND ENERGY CONSTRUCTION SERVICE	9		9	ABC
DF0000 HUMAN RESOURCES AND ECONOMIC DIRECTOR	1		1	ABC
DF0011-DF0014 Accounting Service	7		7	ABC
DF0020 Controlling Service and General Secretariat	4		4	ABC
DF0051 Prices Office	1		1	ABC
DF0030 Human Resources Department	6		6	ABC
DF0041 Juridic Office	1		1	ABC
DF0060 Projects and Applications Service	3		3	ABC
DF0070 Logistics and Acquisitions Service	14		14	ABC
DP0000 Director of Production	1		1	ABC
DP0000 ASSISTANT TO THE DIRECTOR	1		1	ABC
DP0010 Scheduling and Production Tracking Service	3		3	ABC
DP0020 P&M&DEP Lab	4		4	ABC
DP0030 Technical Assistance and PIF Service	1	1		ABC
DP0100 Maintenance Department	29		29	ABC
DP0310 Turbine and Navel Spare Parts Section	20	15	5	ABC
DP0320 The Heavy Mechanics Section	42	38	4	ABC
DP0600 Welded Assemblies and Mechanical Processing Section	94	75	19	CĂLNICEL
DP0800 Heat Treatments Section	20	15	5	ABC
DP1110 Electric Machinery Section I	115	104	11	ABC
DP1120 Electric Machinery Section II	72	65	7	CĂLNICEL
DT0010 Lengths, Forces, Temperatures, Pressures Laboratory	4		4	ABC
DT0020 Non-destructive Control Laboratory	5		5	ABC
DT0030 Physico-Chemical Laboratory Department	4		4	ABC
DT0040 Techno-Hidro Department	6	6		ABC
DT0050 CTC Department	13		13	ABC
DT0061 Constructive Design Of Product Security Systems	2	2		ABC
DT0070 Chief Welder Service	7	7		ABC
DT0080 Structure, Coding And Manufacturing Launch Service	7	7		ABC
DT0090 Design, Hydraulic Turbines, Valves And Sdvs Department	10	10		ABC
DT0100 Hydrogenerator Design Service	6	6		ABC
TI0031 Help Desk and Network Administration Office	4		4	ABC
TOTAL EMPLOYEES	564	351	213	

Because of the lack of orders, the company continues in April - May 2022 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 sections and services where it is not loading.

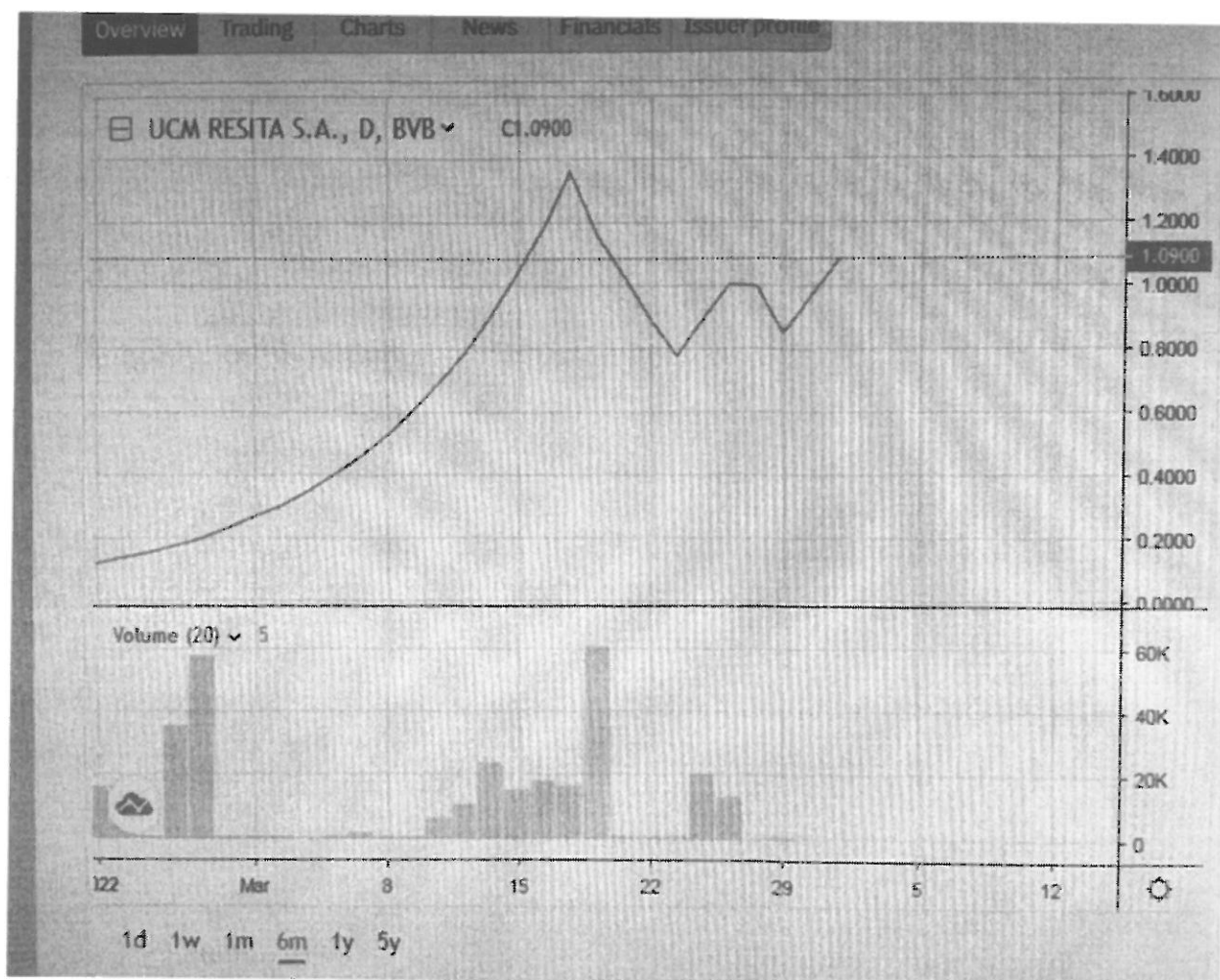
E. The securities market

Based on the entry into the reorganization period, the Bucharest Stock Exchange ordered the reintroduction of UCM Resita shares into trading starting with 09.02.2022.

The trading history of the shares of UCM Resita SA on the Bucharest Stock Exchange, after the resumption of trading, is shown in the table below:

Date	Market	Transactions	Volume	Value	Opening price	Minimum price	Maximum price	Medium price	Closing price	Var. (%)
31.03.2022	REGS	1	5	5.45	1.0900	1.0900	1.0900	1.0900	1.0900	11.79
30.03.2022	REGS	1	1	0.98	0.9750	0.9750	0.9750	0.9750	0.9750	14.71
29.03.2022	REGS	4	917	780.77	0.9600	0.8500	0.9600	0.8500	0.8500	-15.00
28.03.2022	REGS	3	53	50.50	1.0000	0.9500	1.0000	0.9550	1.0000	-0.99
25.03.2022	REGS	14	13,453	12,893.46	0.9750	0.8000	1.0100	0.9600	1.0100	13.48
24.03.2022	REGS	15	20,947	13,951.28	0.6650	0.6650	0.8900	0.6650	0.8900	14.10
23.03.2022	REGS	1	1,000	780.00	0.7800	0.7800	0.7800	0.7800	0.7800	-13.33
22.03.2022	REGS	2	1,000	900.00	0.9000	0.9000	0.9000	0.9000	0.9000	-12.62
21.03.2022	REGS	3	1,250	1,300.50	1.1600	1.0300	1.1600	1.0400	1.0300	-11.21
18.03.2022	REGS	50	61,053	75,950.73	1.5600	1.1600	1.5600	1.2400	1.1600	-14.71
17.03.2022	REGS	31	16,595	22,569.20	1.3600	1.3600	1.3600	1.3600	1.3600	14.29
16.03.2022	REGS	19	18,553	22,078.07	1.1900	1.1900	1.1900	1.1900	1.1900	14.42
15.03.2022	REGS	14	15,545	16,166.80	1.0400	1.0400	1.0400	1.0400	1.0400	14.92
14.03.2022	REGS	19	24,000	21,715.50	0.8950	0.8950	0.9050	0.9050	0.9050	14.56
11.03.2022	REGS	15	11,342	8,960.18	0.7900	0.7900	0.7900	0.7900	0.7900	14.49
10.03.2022	REGS	11	6,430	4,426.70	0.6900	0.6800	0.6900	0.6900	0.6900	15.00
09.03.2022	REGS	2	800	480.00	0.6000	0.6000	0.6000	0.6000	0.6000	14.29
08.03.2022	REGS	1	700	367.50	0.5250	0.5250	0.5250	0.5250	0.5250	14.13
07.03.2022	REGS	4	1,900	874.00	0.4600	0.4600	0.4600	0.4600	0.4600	15.00
04.03.2022	REGS	1	700	280.00	0.4000	0.4000	0.4000	0.4000	0.4000	14.94
03.03.2022	REGS	1	600	208.80	0.3480	0.3480	0.3480	0.3480	0.3480	14.47
02.03.2022	REGS	1	700	212.80	0.3040	0.3040	0.3040	0.3040	0.3040	14.29
01.03.2022	REGS	1	1,000	266.00	0.2660	0.2660	0.2660	0.2660	0.2660	14.66
28.02.2022	REGS	2	1,200	278.40	0.2320	0.2320	0.2320	0.2320	0.2320	14.85
25.02.2022	REGS	10	58,050	11,102.80	0.2020	0.1790	0.2020	0.1910	0.2020	14.12
24.02.2022	REGS	7	35,990	6,370.23	0.1770	0.1770	0.1770	0.1770	0.1770	14.94
23.02.2022	REGS	1	1,000	154.00	0.1540	0.1540	0.1540	0.1540	0.1540	14.93
22.02.2022	REGS	3	14,800	1,983.20	0.1340	0.1340	0.1340	0.1340	0.1340	14.53
21.02.2022	REGS	5	16,680	1,764.59	0.0925	0.0925	0.1170	0.1060	0.1170	95.33

As can be seen from the chart below, the evolution of UCM Resita shares in the 21.02.2022-31.03.2022 period registered an upward trend, the maximum quotation being registered on 17.03.2022, when the closing price was 1.36 lei.



F. Distribution situation

According to the Payment Program annexed to the Reorganization Plan of the activity of the debtor UCM Resita SA, during the analyzed period, distributions were provided to the category of salary receivables, in the first 30 days from the confirmation of the Plan.

We present below the situation of the distributions, in total amount of 141,406 lei, made, on 28.02.2022, to the creditors from the category of salary receivables, being the only category not disadvantaged by the Plan:

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No	Category	Distributions of amounts within 30 days from the confirmation of the reorganization Plan	The first quarter of the plan - Amounts remaining to be distributed from the sale of the Mociur platform	Distribution of amounts from core-business sales	Distributions of amounts from sale assets apart from the core-business sphere, <u>which are not necessary for the development of the production activity</u>	TOTAL DISTRIBUTIONS	Payments made within 30 days of the Reorganization Plan confirmation	Rest to be distributed
II Salary receivables, art.123, paragraph (1) point 2 of Law no.85 / 2006								
1	Independent Free Union SC UCMR RESITA SA, Federation of Trade Unions of "Metal" Workers, affiliated to the National Trade Union Bloc	46,356.00	0.00	0.00	0.00	46,356.00	46,356.00	0.00
2	THE UNION RESITA 1771 UCMR	95,050.00	0.00	0.00	0.00	95,050.00	95,050.00	0.00
TOTAL GROUP		141,406.00	0.00	0.00	0.00	141,406.00	141,406.00	0.00

The second stage of distributions provided by the Reorganization Plan must be completed by the end of the first quarter of the Plan, respectively by 02.05.2022.

The creditors benefiting from these distributions are:

No	Category	I Quarter of the Plan - Amounts remaining to be distributed from the sale of the Mociur platform
I Guaranteed receivables		
1	Authority for the administration of state assets (AAAS) -OUG 97/2013	3,812,858.44
2	Seraghis Loan Management LTD	0.00
TOTAL GROUP		3,812,858.44
II Budget receivables		
1	Authority for the administration of state assets (AAAS) -OUG 97/2013	3,227,295.07
2	State Asset Management Authority (AAAS)	97,234.95
3	Timisoara Regional Directorate for Excise and Customs Operations	22,602.33
4	Resita Local Council - Public Service "Taxes and Fees Department"	11,712.29
5	Anina City Hall	59.65
6	SPDIRP - Public Service Directorate for the Maintenance and Repair of the Patrimony of the Local Council	79.32
7	Banat Water Basin Administration	38.43

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8	Romanian Bureau of Legal Metrology	13.56
9	ANCOM - National Authority for Administration and Regulation in Communications	7.41
TOTAL GROUP		3,359,043.00
TOTAL DISTRIBUTED		7,171,901.44

The company will pay these receivables by the end of April 2022.

With regard to the settlement of the above-mentioned payment obligations towards the AAAS creditor, the Company and the Judicial Administrator have received several Addresses for the establishment of the attachment and Judgments regarding the following AAAS creditors: BIT SA, SIF Muntenia SA, Sinaia SA, Lotrean (former Malovi) Ana-Camelia, Marleneanu Ion, RAFO SA.

By the final or, as the case may be, irrevocable court decisions, the courts ruled, contradictorily, on the contentious issue consisting in the nature of amounts with special affectation of the remaining budget receivables on UCM Resita SA, administered by the National Agency for Fiscal Administration (ANAF), taken over by AAAS based on GEO no. 97/2013.

According to the provisions of art. 5 para. (1) and (2) of Law no. 85/2006, applicable to the insolvency procedure UCM Resita SA - in reorganization, the Judicial Administrator is the body that applies the procedure, having the obligation to ensure the speedy performance of the acts and operations provided by law, as well as the realization under the law of the rights and obligations of other participants to these acts and operations.

Thus, the Judicial Administrator, as a body that applies the procedure and, at the same time, as a representative of UCM Resita SA - in reorganization, has the obligation to comply exactly with the Addresses of establishment of the seizure received, especially since they were submitted to the control of the legality and validity of the courts, in the cases having as object appeals against their execution formulated by AAAS.

However, the courts invested with the settlement of the enforcement appeals formulated, have established, definitively, respectively irrevocably, as the case may be, the legality in whole or in part, of the Addresses for setting up the seizure.

Thus, the Judicial Administrator is to comply with the Addresses establishing the seizure, as they have been maintained or, as the case may be, partially annulled, by the courts, by the pronounced decisions and to proceed with the distribution of the sums to the bailiffs, according to the provisions, the measure of the Judicial Administrator being equivalent to the payment of the installments mentioned in the first quarter of the Payment Scheme to the AAAS creditor, annexed to the Reorganization Plan.

To do otherwise would be tantamount to failure to comply with a final or, as the case may be, irrevocable judgment, even by one of the bodies applying the procedure, which cannot be accepted.

G. Other significant events for the activity of UCM Resita

The Creditors' Meeting held on 18.03.2022 appointed SERRAGHIS LOAN MANAGEMENT LTD. (successor of Banca Comerciala Romana SA) as a member of the Creditors' Committee.

Therefore, the Committee of Creditors of UCM Resita SA has the following components:

- ✓ AUTHORITY FOR THE ADMINISTRATION OF STATE ASSETS - president;
- ✓ SERRAGHIS LOAN MANAGEMENT LTD. - member;
- ✓ RESITA LOCAL COUNCIL - Public Service "Taxes and Fees Department" - member.

The judicial administrator has prepared the financial statements and the accounting reports related to 2021, which must be submitted to BVB within 4 months from the end of the reporting period, according to art. 93, title II, chap. IV of the BVB code and to ANAF within 150 days from the closing of the financial year, according to OMF no. 85/2022.

According to the Minutes no. 222 / 25.03.2022 The Creditors' Committee approved the *Individual financial statements* on 31.12.2021, by reporting the provisions of the syndic judge, regarding the management of the activity by the judicial administrator, to the provisions of art. 106 of Law 85/2006, corroborated with art. 103 para. (1), of the same law, according to which the shareholders do not have the right to intervene in the management or administration of the debtor's property.

Another event with an impact on the activity of UCM Resita SA is the opening of the general insolvency procedure against SC ROMELECTRO SA client, ordered by the Closing of the hearing pronounced on 03.02.2022, by the Bucharest Tribunal in file 909/3/2022.

The deadline established by the court for submitting the application for admission of claims was set for 21.03.2022, subsequently being extended for 21.04.2022.

UCM Resita SA formulated and submitted to the Bucharest Tribunal the request for registration of the claim in the preliminary table of the debtor SC ROMELECTRO SA with unsecured claim in the amount of 7,614,990.56 lei, representing the value of the performance guarantees constituted by the undersigned, in the contracts approved by parts.

By address 35311 of 24.03.2022 SPEEH Hidroelectrica SA reconfirmed the intention to take over the core business, defined in the measures for implementing the Reorganization Plan of UCM Resita and underlined that this project is a priority in the mergers and acquisitions activity of Hidroelectrica.

H. Subsequent events

In order to implement the Reorganization Plan, the Judicial Administrator submitted to the approval of the Creditors' Assembly the capitalization of some assets that are not necessary for the current activity of UCM Resita SA.

In this regard, the Assembly of Creditors convened for 14.04.2022, by the vote of AAAS, which holds 90.5569% of the total receivables entered in the credit table, extended the discussion of the agenda regarding the capitalization of assets consisting of spare parts for diesel engines manufactured by UCM Resita within the production activity.

After providing the information requested by AAAS by the transmitted vote, the Judicial Administrator reconvened the Creditors' Meeting with the same agenda for 26.04.2022.

The Creditors' Meeting, convened for 15.04.2022, unanimously approved, the sale of the assets consists of the decommissioned thermal power plant composed of 2 boilers of 10 Gcal / h and the related installations located on the Călnicel platform and the decommissioned thermal power plant composed of 4 boilers of 10 Gcal / h h and related installations located on the ABC platform, free of charge, by the method of public auction with ascending price.

According to the Minutes no. 312 / 18.04.2022, the Creditors' Committee unanimously approved:

- ✓ Assignment to the supplier of the Security Guard Consulting & Security SRL division of the receivable in the amount of 2,104,504 lei, which the Company is to collect from the debtor SSH Hidroserv - in reorganization, according to its Payment Program
- ✓ Completion of the Asset Evaluation Report of UCM Resita

I. Conclusions

In the next period, the Company's management, in addition to the actions meant to ensure a substantial portfolio of contracts and orders, will be concerned with the implementation of the measures provided in the Reorganization Plan.

In this regard, it will periodically submit to the Assembly of Creditors the approval of the sale of assets that are not necessary in the production process, will prioritize the proposed assets for capitalization, so that liquidity can be obtained in a relatively short time, for payment of current receivables and making distributions according to the Reorganization Plan.

Further on, the Company's management will intensify the efforts to collect customers and release fixed guarantees in connection with the executed products and services provided, to reduce expenses, by eliminating waste and optimizing the organizational structure.

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Considering the production capacities and the qualified personnel that the *Company* has at its disposal, the Judicial Administrator will continue to act in order to enter new markets and reduce the percentage of dependence on the Romanian hydro market.

The main objective in the short and medium term is the ongoing of the production activity for the implementation of the Reorganization Plan, which is an objective in itself, but which can only be successfully achieved under conditions of normal operation of the *Company*.

Judicial Administrator:

EURO INSOL SPRL and VF Insolventa SPRL Consortium

HR and Economic Director:
Nicoleta Liliana IONETE



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**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, 2022.

The Special Trustees of *the Company* confirm, regarding the interim Financial Statements on March 31, 2022, 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.

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Statement of financial position on 31.03.2022

Lei

Reference Statement of financial position IAS 1.10(a), 113	Note	Balance sheet items	Balance on 01.01.2022	Balance on 31.03.2022
IAS 1.54(a)	3	Tangible fixed assets	118,089,025	116,990,511
IAS 1.54(c)	3	Intangible fixed assets	5,801	5,257
	3	Financial assets	3,003,403	3,058,519
		Total of fixed asse	121,098,229	120,054,287
IAS 1.54(h)	4	Trade receivables and receivables from affiliated entities	4,681,659	1,654,394
IAS 1.54(g)	5	Stocks Deferred tax assets	22,369,790	14,497,551
IAS 1.54(o), 56	12	Deferred tax assets	13,721,204	13,721,204
IAS 1.54(h)	4	Other receivables	1,407,342	1,970,957
IAS 1.54(i)	6	Cash and cash equivalents	7,441,455	6,065,702
		Prepayments	40,764	24,738
		Total of current assets	49,662,214	37,934,546
		TOTAL ASSETS	170,760,443	157,988,833
IAS 1.54(k)	7	Supplies and other trade payables	42,328,552	11,844,728
IAS 1.54(k)	7	Taxes and other debts	858,081,888	397,355,235
IAS 1.54(o), 56	12	Deferred tax debts	25,794,350	25,794,350
IAS 1.54(i)	8	Provisions	43,177,792	102,788,636
IAS 1.55, 20.24		Revenues in advance	11,277	11,277
		Total debts	969,393,859	537,794,226
		Total assets minus Total debts	(798,633,416)	(379,805,393)
	9	Registered capital	601,685,084	601,685,084
	3	Revaluation reserves	121,902,571	120,900,023
	9	Legal reserves	1,972,406	1,972,406
	9	Other reserves	16,088,620	16,088,620
	9	Carried over result	(1,500,202,582)	(1,539,279,549)
	9	Current result	(40,079,515)	418,828,023
	9	Profit sharing, establishing of legal reserves	-	-
		Total equity	(798,633,416)	(379,805,393)
		TOTAL LIABILITIES	170,760,443	157,988,833

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Statement of comprehensive income on 31.03.2022

- Lei -

Reference STATEMENT OF OVERALL RESULT IAS 1.10(B), 81(A)	Explanations	31.03.2021	31.03.2022
IAS 1.82(a) IAS 1.99,103	Operating revenues	4,056,063	528,738,953
IAS 1.99, 103	Cost of sales	8,529,744	74,100,283
	Gross operating profit (loss)	(4,473,681)	454,638,670
IAS 1.99, 103	Distribution costs	-	-
	Administrative expenses	3,063,021	4,102,598
IAS 1.82(a) IAS 1.99,103	Financial revenues	368,293	611,953
IAS 1.82(b)	Financial expenses	16,620	445,985
IAS 1.85	Result before tax	(7,185,029)	450,702,040
IAS 1.82(d), IAS 12.77	Income tax expenses	-	31,874,017
	Net Profit (loss)	(7,185,029)	418,828,023
	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	-	-

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON MARCH 31, 2022

-Lei-

Explanation/Description	1	2	3	4	5	6	7	8	9
		Registered capital	Revaluation reserves	Legal reserves	Carried over result representing surplus from revaluation reserves	Other reserves	Carried over result	Current result of the accounting year	Total
Balance on 01 January 2022		601,695,004	121,902,570	1,972,406	269,370,044	16,008,620	(1,766,572,645)	(40,079,515)	(718,633,410)
Changes in equity - March 31, 2022									
Transfer of surplus from revaluation reserves									
Transfer of the result of the accounting year 2021 to the carried over result			(1,002,547)		1,002,547				
Account closing - profit share									
Registration of accounting errors from previous years to the carried over result							(40,079,515)	40,079,515	
Net result of the current accounting year									
Balance on 31 March 2022 1748		601,695,004	120,899,023	1,972,406	269,372,611	16,008,620	(1,766,572,645)	418,828,023	418,828,023
The legal reserves of the Company, constituted in accordance with the provisions of the Commercial Companies Act, as at 31 March 2022 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, 2022, the Company has not yet reached the maximum level of legal litigation.									

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STATEMENT OF CASH FLOWS ON 31.03.2022

-Lei-

Name of the element	No. line	Financial exercise ended on:	
		31 march 2021	31 march 2022
OPERATING ACTIVITIES			
Net profit+Result carried over from correction of accounting errors	1	(7,185,029)	418,828,023
Adjustments for:			
Adjusting the value of tangible and intangible assets	2	1,154,470	1,099,059
Adjusting the value of financial assets	3	-	(391,153)
Expenses (revenues) with adjustments for depreciation of current assets	4	-	7,192,577
Adjustments to the provisions for risks and expenses	5	-	59,610,844
Expenses with the donating granted	6	-	-
Revenues from interests and other financial income	7	(9,848)	(5,792)
Expenses with interests and other financial income	8	-	-
Cash flow before changes in working capital (line 1 to 8)	9	(6,040,407)	486,333,558
Decrease /(Increase) – customers and other assimilated accounts	10	2,588,593	3,661,379
Decrease /(Increase) in stocks	11	(157,300)	(166,005)
Decrease /(Increase)- supplies and other assimilated accounts	12	3,469,461	(364,918,072)
Cash flow from operating activities (row. 9 to 12)	13	(139,653)	124,910,860
Revenue from interests	14	9,848	5,792
(Net increase) / Net decrease in restraint	15	51,219	(954)
Cash flow from operating activities (row.13 to 15)	16	(78,586)	124,915,698
INVESTING ACTIVITIES			
Cash payment for long-term purchasing of land and other assets	17	-	-
Proceeds from sales of real estate	18	18,969	-
Revenues from dividends	19	-	-
Net cash used in investing activities (row. 17 to 19)	20	18,969	-
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	(59,617)	(1,376,707)
Cash and cash equivalents at the beginning of the year	24	8,843,740	7,240,752
Cash and cash equivalents at the end of the period (row. 23+24)	25	8,784,123	5,864,045

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Economic - Financial Indicators on 31.03.2022

Indicator	Calculation method	Value
1. Current liquidity	$1=2/3$	0.09
2. Current assets (lei)	2	37,909,808
3. Current liabilities (lei)	3	434,994,313
4. Level of indebtedness	$4=5/6$	#N/A
5. Borrowed capital (lei)	5	0
6. Capital employed (lei)	6	(379,805,393)
7. Turnover ratio of customer debits (days)	$7=8/9 \times (365/4)$	123
8. Average balance of trade receivables (lei)	8	2,927,298
9. Turnover (lei)	9	2,174,737
10. Turnover ratio of fixed assets (days)	$10=11/12 \times (365/4)$	5,037
11. Fixed assets (lei)	11	120,054,287
12. Turnover (lei)	12	2,174,737

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1. Reporting entity

General information

IAS 1.138 (a), (b), **UCM RESITA 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, 2022.

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 31.03.2022, the registered office of UCMR was in Bucharest, Charles de Gaulle Square 15, Charles de Gaulle Plaza Building, 3rd Floor, Peles 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 Insolventa SPRL Consortium as the Judicial Trustee/Administrator of the Company, undertake the liability for drawing up the Interim Separate Financial Statements on 31.03.2022 and confirm that they are in compliance with

Separate Financial Statements on March 31, 2022
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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, 2022 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 not been audited.

The Company does not apply IFRS issued and not adopted on 31.03.2022, 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.

At March 31, 2022, 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 31.03.2022, would not significantly differ from the Company's individual financial statements on 31.03. 2022.

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

Separate Financial Statements on March 31, 2022
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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.

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• **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

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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.

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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

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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, 2021 and 2022 are as follows:

Currency	31 march 2021	31 march 2022
RON/EUR	4.9251	4.9466
RON/USD	4.1969	4.4508
RON/GBP	5.7864	5.8374
RON/CHF	4.4513	4.8196

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.

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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.

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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.

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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.

t) 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.

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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.

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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

Events and conditions with a significant impact on business continuity

By the civil sentence no. 351 / 01.02.2022 issued by the Bucharest Tribunal, Civil Section VII, in insolvency file no. 75017/3/2011, published in the Bulletin of insolvency proceedings no. 2457 / 09.02.2022, it was confirmed the reorganization plan proposed by the Judicial Administrator for the debtor U.C.M. Resita SA, as approved by the decision of the Creditors' Meeting of 26.10.2021, following that the debtor's activity during the reorganization being led by the Judicial Trustee.

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

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Strategy and forecasts of the Company's management (Judicial Administrators, Directors) regarding continuation of activity and future cash flows

The Company is considering the high need of repair and modernization projects from S.C. Hidroelectrica s.a., knowing that most of the hydro power plants in Romania are at the end of their life, in addition, the design costs can be reduced significantly thereof, since such works/services have been made before.

- ✓ Considering the Investment Strategy for refurbishment and modernization, for the period 2021-2025 published on the website of SPEEH Hidroelectrica SA, corroborated with the know-how and production capabilities held by UCM Resita SA, subject to winning tenders, the Company would have covered the portfolio of contracts in the next period.

Although the production activity of the Company is mainly focused on the execution and repair of hydropower equipment, efforts are being made to look for new customers in other fields of activity.

Thus, during March, it was possible to build a new business relationship with a German customer in the field of chemical industry, the objective of UCM Resita being to assimilate as many products of this type and build a series production.

Moreover, it also aims to consolidate another area other than that of hydro parts, namely the repair of high power electric motors from 600 kW to 6,000 kW furtheron, important steps are being taken to enter the market for repair and rehabilitation works of units such as electric motors and pumps, within the pumping stations.

Another objective of the Company is to expand the production of welded assemblies (bridges, cranes, etc.).

Other measures considered, in order to maximize the Company's patrimony, refer to:

- ✓ reduction of expenses, by eliminating waste and optimizing the organizational structure, as well as by purchasing goods and services at the lowest prices on the market, without making compromise on quality
- ✓ recovery of old receivables and decrease of the duration for collecting current receivables
- ✓ issuance of performance guarantees and other fixed assets
- ✓ reducing and eliminating as much as possible the stock of raw materials and materials, especially the one with slow movement.

Judicial Administrator:

EURO INSOL SPRL and VF Insolventa SPRL Consortium

HR and Economic Director
Nicoleta Liliana IONETE

