

## CURRENT REPORT

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

Date of the report: 15.05.2024

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

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

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

Phone No.: 0355/409542; Fax: 0355/409542

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 2024

S.C. U.C.M. Resita S.A. informs the general public about the availability of the Report for the first quarter of 2024.

The Report can be found, as of 15.05.2024, 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 0355/409542.

The financial statements of the company for the first quarter of 2024 are not audited.

In the table below is presented the situation of assets, liabilities and equity on March 31, 2024 compared to the beginning of the year 2024:

| Lei |                          |                    |                    |
|-----|--------------------------|--------------------|--------------------|
| No. | Balance sheet items      | 01.01.2024         | 31.03.2024         |
| 1   | Fixed assets             | 54,456,825         | 53,449,441         |
| 2   | Current assets           | 101,600,916        | 102,172,382        |
| 3   | Prepayments              | 6,599              | 3,719              |
|     | <b>TOTAL ASSETS</b>      | <b>156,064,341</b> | <b>155,585,542</b> |
| 4   | Debts                    | 440,480,352        | 448,323,673        |
| 5   | Income in advance        | 30,810,198         | 1,641,564          |
| 6   | Provisions               | 82,776,060         | 82,776,060         |
| 7   | Owner's equity           | (398,002,269)      | (377,155,755)      |
|     | <b>TOTAL LIABILITIES</b> | <b>156,064,341</b> | <b>155,585,542</b> |

The profit and loss account highlights the following indicators:

| Lei |  |            |             |
|-----|--|------------|-------------|
| No. | Indicator name                         | 31.03.2023 | 31.03.2024  |
| 1   | Turnover (2+3-4)                       | 4,577,945  | 3,701,303   |
| 2   | Production sold                        | 4,577,945  | 3,701,303   |
| 3   | Revenues from sale of goods            | -          | -           |
| 4   | Discounts granted                      | -          | -           |
| 5   | Changes in stocks: Credit balance      | 1,420,005  | -           |
|     | Debtor balance                         |            | 10,519,312  |
| 6   | Capitalized production                 | -          | -           |
| 7   | Exercise production (1+/-5+6)          | 5,997,950  | (6,818,009) |
| 8   | Other operating revenues, of which :   | 8,158      | 98,255,951  |
| 8a  | Income from fixed assets held for sale | -          | 67,879,000  |
| 9   | Operating revenues, total (7+8)        | 6,006,108  | 91,437,942  |
| 10  | Financial revenues, total              | 142,146    | 120,426     |
| 11  | Total revenues (9+10)                  | 6,148,254  | 91,558,368  |

The expenses of the company are shown below:

| Lei |  |            |             |
|-----|--|------------|-------------|
| No. | Indicator name                                     | 31.03.2023 | 31.03.2024  |
| 1   | Expenses on raw material and consumables           | 1,888,219  | 89,413      |
| 2   | Other external expenses (energy and water)         | 1,609,701  | 1,384,762   |
| 3   | Expenses with the personnel                        | 5,867,482  | 4,824,598   |
| 4   | Adjustments  | 455,620    | (8,622,263) |
| 5   | Other operating expenses, of which :               | 1,861,900  | 66,525,037  |
| 5a  | Expenses on disposal of fixed assets held for sale | -          | 60,624,641  |
| 6   | Total operating expenses (rw. 1 la 5)              | 11,682,922 | 64,201,547  |
| 7   | Total financial expenses                           | 174,698    | 37,394      |
| 8   | TOTAL EXPENSES                                     | 11,857,620 | 64,238,941  |

The evolution of the results is shown below:

| Lei |  |                    |                   |
|-----|--|--------------------|-------------------|
| No. | Indicator name                           | 31.03.2023         | 31.03.2024        |
| 1   | Operating revenues                       | 6,006,108          | 91,437,942        |
| 2   | operating expenses                       | 11,682,922         | 64,201,547        |
| 3   | <b>Operating activities</b>              | <b>(5,676,814)</b> | <b>27,236,395</b> |
| 4   | Financial revenues                       | 142,146            | 120,426           |
| 5   | Financial expenses                       | 174,698            | 37,394            |
| 6   | <b>Financial result</b>                  | <b>(32,552)</b>    | <b>83,032</b>     |
| 7   | The profit tax                           |                    | 6,472,912         |
| 8   | <b>Net result for the financial year</b> | <b>(5,709,366)</b> | <b>20,846,515</b> |

The net profit of 20,846,515 lei for the first quarter of 2024 obtained from the sale of the "Line of Business" materialized by the contract of 11.03.2024 will cover at the end of the year the losses carried forward, in accordance with the applicable legislation.

**UCM RESITA SA- în 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, 2024**

## Contents

|  |             |              |
|--|-------------|--------------|
| <b>Judicial Administrator Report</b>                         | <b>page</b> | <b>2- 10</b> |
| <b>Statement of Judicial Administrator</b>                   | <b>page</b> | <b>11</b>    |
| <b>Statement of Financial Position</b>                       | <b>page</b> | <b>12</b>    |
| <b>Statement of Comprehensive Income</b>                     | <b>page</b> | <b>13</b>    |
| <b>Statement of Changes in Shareholders' Equity</b>          | <b>page</b> | <b>14</b>    |
| <b>Statement of Cash Flows</b>                               | <b>page</b> | <b>15</b>    |
| <b>Economic - Financial Indicators</b>                       | <b>page</b> | <b>16</b>    |
| <b>Explanatory Notes to the Interim Financial Statements</b> | <b>page</b> | <b>17-31</b> |

## **Judicial Administrator Report on 31 March 2024**

The reports for the first quarter of 2024 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 2024.

### **A. Statement of assets, debts and equity**

The situation of assets, debts and equity on 31.03.2024, compared to the beginning of 2024, is as follows:

| <b>No.</b> | <b>Balance sheet items</b> | <b>Lei</b>         |                    |
|------------|----------------------------|--------------------|--------------------|
|            |                            | <b>01.01.2024</b>  | <b>31.03.2024</b>  |
| 1          | Fixed assets               | 54,456,825         | 53,449,441         |
| 2          | Current assets             | 101,600,916        | 102,172,382        |
| 3          | Prepayments                | 6,599              | 3,719              |
|            | <b>TOTAL ASSETS</b>        | <b>156,064,341</b> | <b>155,585,542</b> |
| 4          | Debts                      | 440,480,352        | 448,323,673        |
| 5          | Income in advance          | 30,810,198         | 1,641,564          |
| 6          | Provisions                 | 82,776,060         | 82,776,060         |
| 7          | Owner's equity             | (398,002,269)      | (377,155,755)      |
|            | <b>TOTAL LIABILITIES</b>   | <b>156,064,341</b> | <b>155,585,542</b> |

Compared to 01.01.2024, on 31.03.2024 total assets decreased by 0.31% and current liabilities increased by 1.78%. The existing liabilities in balance on 31.03.2024 refer to the remainder to be distributed through the Payment Programme, plus current liabilities which are paid as documented.

The following changes were recorded in the company's assets compared to the values existing on 01.01.2024:

**s.c. U.C.M. Reșița s.a.**  
(company in judicial reorganisation, en redressement)  
**Judicial Administrator Report on March 31, 2024**  
(all amounts are given in lei (RON) unless otherwise stated)

| <b>Nr. crt.</b> | <b>Designation of indicator</b> | <b>01.01.2024</b> | <b>31.03.2024</b> | <b>Differences</b> |
|-----------------|---------------------------------|-------------------|-------------------|--------------------|
| <b>0</b>        | <b>1</b>                        | <b>2</b>          | <b>3</b>          | <b>4=3-2</b>       |
| 1               | Fixed assets                    | 54,456,825        | 53,449,441        | (1,047,384)        |
| 2               | Current assets                  | 101,600,916       | 102,172,382       | 571,466            |
| 3               | Prepayments                     | 6,599             | 3,719             | (2,881)            |

The current assets existent in the patrimony registered the following evolution compared to the beginning of 2024:

| Lei             |                                 |                   |                   |                    |
|-----------------|---------------------------------|-------------------|-------------------|--------------------|
| <b>Nr. crt.</b> | <b>Designation of indicator</b> | <b>01.01.2024</b> | <b>31.03.2024</b> | <b>Differences</b> |
| <b>0</b>        | <b>1</b>                        | <b>2</b>          | <b>3</b>          | <b>4=3-2</b>       |
| 1               | Stocks, of which:               | 81,210,033        | 19,300,437        | (61,909,596)       |
| 1.a             | - raw material and consumables  | 3,366,375         | 3,350,383         | (15,992)           |
| 1.b             | - fixed assets held for sale    | 75,190,212        | 14,565,570        | (60,624,642)       |
| 1.c             | - production in progress        | 2,110,637         | 1,010,341         | (1,100,296)        |
| 1.d             | - finished products and goods   | 542,809           | 374,143           | (168,666)          |
| 2               | Other current assets of which:  | 20,390,883        | 82,871,945        | 62,481,062         |
| 2.a             | - receivables                   | 17,110,631        | 16,843,234        | (267,397)          |
| 2.b             | - cash and cash equivalents     | 3,280,252         | 66,028,711        | 62,748,459         |

The sale and purchase agreement no. 210/11.03.2024 concluded between UCM Reșița SA and Uzina de Construcții Mașini Hidroenergetice S.R.L. led to major changes in the structure of current assets. On the one hand fixed assets held for sale, work in progress and finished products decreased and, on the other hand, cash increased. The proceeds from the sale are to be distributed in accordance with the provisions of the Reorganisation Plan.

Within the liabilities of *the Company*, the patrimonial changes compared to 01.01.2024 are the following:

| Lei        |  |                   |                   |                  |
|------------|--|-------------------|-------------------|------------------|
| <b>No.</b> | <b>Indicator name</b>                  | <b>01.01.2024</b> | <b>31.03.2024</b> | <b>Diferente</b> |
| <b>0</b>   | <b>1</b>                               | <b>2</b>          | <b>3</b>          | <b>4=3-2</b>     |
| 1          | Owner's equity                         | (398,002,269)     | (377,155,755)     | 20,846,514       |
| 2          | Debts                                  | 440,480,352       | 448,323,673       | 7,843,321        |
| 3          | Income in advance                      | 30,810,198        | 1,641,564         | (29,168,634)     |
| 4          | Provisions for liabilities and charges | 82,776,060        | 82,776,060        | -                |

## B. Profit and loss account

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

| Lei        |                       |                   |                   |
|------------|-----------------------|-------------------|-------------------|
| <b>No.</b> | <b>Indicator name</b> | <b>31.03.2023</b> | <b>31.03.2024</b> |
| 1          | Turnover (2+3-4)      | 4,577,945         | 3,701,303         |
| 2          | Production sold       | 4,577,945         | 3,701,303         |

**s.c. U.C.M. Reșița s.a.**  
(company in judicial reorganisation, en redressement)  
**Judicial Administrator Report on March 31, 2024**  
(all amounts are given in lei (RON) unless otherwise stated)

|    |  |                  |                    |
|----|--|------------------|--------------------|
| 3  | Revenues from sale of goods            | -                | -                  |
| 4  | Discounts granted                      | -                | -                  |
| 5  | Changes in stocks: Credit balance      | 1,420,005        | -                  |
|    | Debtor balance                         |                  | 10,519,312         |
| 6  | Capitalized production                 | -                | -                  |
| 7  | <b>Exercise production (1+/-5+6)</b>   | <b>5,997,950</b> | <b>(6,818,009)</b> |
| 8  | Other operating revenues               | 8,157            | 98,255,951         |
| 8a | Income from fixed assets held for sale | -                | 67,879,000         |
| 9  | <b>Operating revenues, total (7+8)</b> | <b>6,006,107</b> | <b>91,437,942</b>  |
| 10 | Financial revenues, total              | 142,146          | 120,426            |
| 11 | <b>Total revenues (9+10)</b>           | <b>6,148,253</b> | <b>91,558,368</b>  |

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

| Lei |  |                   |                   |
|-----|--|-------------------|-------------------|
| No. | Indicator name                                     | 31.03.2023        | 31.03.2024        |
| 1   | Expenses on raw material and consumables           | 1,888,219         | 89,413            |
| 2   | Other external expenses (energy and water)         | 1,609,701         | 1,384,762         |
| 3   | Expenses with the personnel                        | 5,867,482         | 4,824,598         |
| 4   | Adjustments  | 455,620           | (8,622,263)       |
| 5   | Other operating expenses, of which :               | 1,861,900         | 66,525,037        |
| 5a  | Expenses on disposal of fixed assets held for sale | -                 | 60,624,641        |
| 6   | <b>Total operating expenses (rw. 1 la 5)</b>       | <b>11,682,922</b> | <b>64,201,547</b> |
| 7   | Total financial expenses                           | 174,698           | 37,394            |
| 8   | <b>TOTAL EXPENSES</b>                              | <b>11,857,620</b> | <b>64,238,941</b> |

Both revenues and expenses for the first quarter of 2024 are significantly influenced by the sale and purchase agreement no. 210/11.03.2024 signed between UCM Reșița SA and Uzina de Construcții Mașini Hidroenergetice S.R.L. and is reflected under the chapters "Changes in inventories", "Other operating income", "Adjustments" and "Other operating expenses".

The transaction also affected the rest of the operating activity, in the sense of decreasing both income and expenses, as the Company did not carry out any production activity after the conclusion of the contract.

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

| Lei      |  |                    |                   |
|----------|--|--------------------|-------------------|
| Nr. crt. | Indicator name                           | 31.03.2023         | 31.03.2024        |
| 1        | Operating revenues                       | 6,006,108          | 91,437,942        |
| 2        | operating expenses                       | 11,682,922         | 64,201,547        |
| 3        | <b>Operating activities</b>              | <b>(5,676,814)</b> | <b>27,236,395</b> |
| 4        | Financial revenues                       | 142,146            | 120,426           |
| 5        | Financial expenses                       | 174,698            | 37,394            |
| 6        | <b>Financial result</b>                  | <b>(32,552)</b>    | <b>83,032</b>     |
| 7        | The profit tax                           |                    | 6,472,912         |
| 8        | <b>Net result for the financial year</b> | <b>(5,709,366)</b> | <b>20,846,515</b> |



The net profit of 20,846,515 lei for the first quarter of 2024 obtained from the sale of the "Line of Business" materialized by the contract of 11.03.2024 will cover at the end of the year the losses carried forward, in accordance with the applicable legislation.

### **C. Staff situation**

On 11.03.2024 based on the authentication of the Sale and Purchase Agreement of the business concluded between UCM Reșița SA and Uzina de Construcții Mașini Hidroenergetice SRL (UCMH), UCM Reșița transferred to the Buyer all 429 employees who had active individual employment contracts.

Employees who did not have active employment contracts on 11.03.2024, being either on sick leave or on parental leave, were not transferred.

As stipulated in the Note to Annex 7 of the CVC, employees who were on sick leave on the date of authentication were to be transferred on the first working day after the expiry of the medical certificate.

A number of 2 employees on sick leave at the date of authentication were transferred to the UCMH by the end of March.

In order to carry out the Company's current activity, following the transfer of the core-business, a number of 33 individual part-time fixed-term employment contracts were concluded as of 13.03.2024, which may be extended with the agreement of the parties.

Thus, on 31.03.2024 UCM Reșița SA had a workforce of 41, of which 4 with suspended employment contracts being on parental leave and 4 on sick/medical leave.

### **D. Commercial situation**

The turnover achieved by UCM Reșița SA in the first quarter of 2024 was 3,701,303 lei, of which 3,660,064 lei, prior to 11.03.2024, when the transfer of the business took place.

The main customer was SSH Hidroserv SA with a share of 86% in the total turnover.

In accordance with the provisions of the CVC, all outstanding contracts whose final beneficiary is Hidroelectrica were assigned to UCMH.

After the transfer, the Company's commercial activity consisted mainly in renting locations, by carrying out existing contracts and concluding new ones (contracts).

The turnover achieved in the period 11-31.03.2024 was **41,240** lei lei.

### **E. Environmental aspects**

In the first quarter of 2024, UCM Reșița staff responded on time to the obligations on the line of environmental protection and water management, in accordance with the permits it holds, for the industrial platform ABC and Călnicel:

- (a) data on the management of hazardous chemicals, oil management and hazardous waste for the first quarter of 2024 were centralized on a monthly basis;
- b) quarterly analyses were carried out on the quality of industrial/pluvial wastewater taken from the collectors on the ABC platform, in accordance with the requirements of water management permit no. 21/S.G.A. - CS, dated 29.03.2021, issued for UCM Reșița SA, ABC Industrial Platform;
- c) on-line declarations on emissions from stationary sources were submitted to the Administration of the Environment Fund for the months of December 2023, January and February 2024;
- d) the Plan for electrical equipment with PCB oil for the year 2023, approved by APM CS by address no. 591/APM CS/25.01.2024, was sent to the Agency for Environmental Protection of Caraș-Severin;
- e) the centralized statements on the types and quantities of waste generated during 2023 and the Inventory of emissions generated from UCM Reșița activity during the last year were sent to the Agency for Environmental Protection Caraș-Severin. Both statements were entered into the national Environmental Information System (SIM);
- f) in the context of the sale of part of the assets held by UCM Reșița on the ABC and Călnicel Industrial Platforms to Hidroelectrica S.A., or a company of the Hidroelectrica Group, by addresses no. 06/DG 0060/16.01.2024 and no. 07/DG 0060/16.01.2024, UCM Reșița reverted to the initial addresses of 15.12.2023, by which it had informed the Caraș-Severin Environmental Protection Agency, respectively the Caraș-Severin Water Management System, on the signing on 08. 12.2023, of the Framework Contract for the sale - purchase of the business, with the specification that the authentication of the document and the transfer of ownership was to be carried out by 29.02.2024 at the latest. In the addresses sent, the environmental and water management authority was requested to provide details of the steps that UCM Reșița SA would need to take to ensure that all legal requirements for environmental protection and water management are met.

## **F. Implementation of the Reorganisation Plan**

During this quarter, the implementation of the measures set out in the Reorganisation Plan focused mainly on finalising the negotiations with SPEEH Hidroelectrica SA and Uzina de Construcții Mașini Hidroenergetice SRL on the conditions for the transfer of the core business and on the administrative and organisational actions necessary for the transfer of a distinct and functional perimeter.

On 11.03.2023, the Contract of Sale and Purchase of the Business, concluded between UCM Reșița and Uzina de Construcții Mașini Hidroenergetice SRL was authenticated under no 210.

By signing this document, the Plan implementation measure provided for in item 10.2 "Sale of core-business" of the confirmed Reorganization Plan was carried out.

On 28.03.2024 the Company received from the Municipality of Reșița administrative territorial unit (ATU) the offer no. 28325/28.03.2024 concerning the acquisition of movable and immovable property located in Reșița, which are part of UCM Reșița SA assets. This offer complements the offer of the Reșița ATU no. 85905/08.12.2023.

The objectives targeted by these offers are:

- The "Cadre" building, with land of 2,179 m<sup>2</sup> and related movable assets
- The "Muzeu" building, with 336 sq meters of land and related movable property (including models)
- " Vila de oaspeți ", the "Remiza" and the " Vila Roșie ", with a total area of 9,443 m<sup>2</sup> of land and related movable property
- Kindergarten and crèche building
- Casa de Cultură (House of Culture)

#### **G. Other significant events for the activity of UCM Reșița**

In the first quarter of 2024, U.C.M. Reșița S.A. fulfilled its obligations to remit taxes and social contributions with withholding tax to the state budget.

At the trial date of 05.03.2024 in case no. 35929/3/2023, the court rejected the claim for rectification of the activity report published in the B.P.I. no. 18760/20.11. 2023, by reference to the necessity of analysing the specified payment request and of mentioning the completion of the steps for clarification of the tax records, as devoid of purpose and dismissed the remainder of the appeal brought by the appellant DIRECȚIA GENERALĂ REGIONALĂ A FINANTELOR PUBLICE BUCUREȘTI, representing the Tax Administration for Medium Taxpayers.

The time-limit for lodging an appeal is 7 days from the date of notification.

As of the date of this Report, the Decision has not been communicated to the Company's registered office and has not been published in the BPI.

The Sale and Purchase Agreement No 210/11.03.2024 concluded between UCM Reșița SA and Uzina de Construcții Mașini Hidroenergetice SRL contains a number of post-transfer obligations for both the Seller and the Buyer, which are intended to ensure the functional independence of each of the two entities.

These obligations refer to ensuring the provision of utilities, the necessary authorisations and licences for each party, the relocation of the assets of the patrimony located on the Perimeter of the other entity.

According to Article 2.3.2 of the Sale and Purchase Agreement, the Company must keep the utility supply contracts in force for a period of 3 months after authentication or until the date on which UCMH concludes its own contracts. Until one of these two conditions is met, UCM Reșița will charge the countervalue of the utilities relating to the UCMH Perimeter. On 22 March 2024, UCM Reșița, concluded a new contract with the water supplier Aquacaraș SA for the perimeter and the buildings remaining in its ownership after the transfer to UCMH.

According to Articles 8.2.1; 8.2.2. and 8.2.3 of the GCC, the Parties undertake that within 24 (twenty-four) months from the Authentication Date, they will undertake all necessary steps and works and complete the relocation of their assets from the other Party's Perimeter, cooperating in good faith, including in the event that a new deadline is required if at the end of 24 months the relocation is not completed.

Article 2.8.2 states that if, after the Authentication Date, it is determined that either rights-of way additional to those established under the CVC are required or that clearer identification of rights-of-way is necessary, the parties will cooperate in good faith and enter into separate agreements (including easement agreements). For the establishment of such rights the parties will cooperate in good faith.

Pursuant to Article 2.1.8, in the event that the Buyer determines within a period of 6 (six) months after the Authentication Date that the items comprising the Transaction Perimeter are insufficient for the Business, the Seller shall cooperate with the Buyer to identify the additional items necessary for the Business remaining in the Seller's estate and shall promptly and in good faith commence proceedings to recover those additional items from the Buyer under the terms of Law No. 85/2006, with the approval of the UCM Reșița S.A. creditors' meeting.

Regarding the conclusion of the Sale and Purchase Agreement no. 210/11.03.2024 concluded between UCM Reșița SA and Uzina de Construcții Mașini Hidroenergetice SRL we state that the price received was 67,879,000 lei and the Reorganization Plan provided for the assets of the business perimeter the sum of 125,924,686.30 lei.

Since the Directorate building became part of the UCMH patrimony, the administrative headquarters of UCM Reșița was relocated to the Human Resources (Cadre) building, the postal address being the same.

In accordance with the provisions of Law 265/2006 approving Government Emergency Ordinance No. 195/2005 and the provisions of the CVC, the parties submitted to the Caraș-

Severin Environmental Protection Agency, the Joint Notification on environmental liability after the transfer date.

The company UCM Reșița S.A. no longer carries out production activities, having at this moment a number of 33 employees with active part-time contracts, who serve to collect the rents related to the studios owned by the debtor, to preserve the patrimony and to respect the legal and contractual obligations that UCM Reșița S.A. has.

Because of the context in which UCM Reșița S.A. finds itself, it failed to carry out, according to the Reorganisation Plan, no activity in the Blue Hall and SME2; there will be taken steps to sell these assets as well, as foreseen in the Plan.

## **H. Events after the reference period**

During the month of April, work continued on compliance with the provisions of the CVC, thus:

- ✓ An employee who was on sick leave at the date of authentication was transferred to the UCMH
- ✓ A new contract was signed on 01.04.2024 with the Brantner sanitation company, corresponding to the needs and the current perimeter.
- ✓ The contract with NTT Data for maintenance and payroll support services has been resized due to a decrease in the number of employees managed and a decrease in the number of Clarvision user licenses, and an Addendum to the contract has been signed to change the value of these services accordingly.

On 03.04.2024 by address no. 38499 SPEEH Hidroelectrica SA announced the start of the procurement procedure "Negotiation without prior invitation to a competitive bidding procedure", in order to award the contract for the sectoral purchase of products having as object "Refurbishment of Stejaru HPP, Components and parts for 29.92 MVA generators related to HA1 and HA2".

UCM Reșița SA, within the framework of the contract for the refurbishment of Stejaru HPP, which it had with Romelectro SA - in insolvency, produced the parts that are the subject of this tender, but based on the termination of the contract they were not delivered and invoiced, remaining the property of UCM Reșița SA and being able to be directly recovered to the final beneficiary, Hidroelectrica SA.

In its reply of 15.04.2024, UCM Reșița S.A. informed Hidroelectrica that it was impossible for UCM Reșița to take part in this tender under the conditions laid down in the tender specifications, given the real situation in which the company found itself after the transfer of the business to UCMH, since it did not have the licences, authorisations or staff who had manufactured the parts in question.

On 03.04.2024 the representatives of UCM Reșița participated together with the administrators of UCMH in the meeting organized by ANPM in relation to the requests of the two entities to issue environmental permits.

Moreover, the Company applied to the Banat Water Basin Administration - Water Management Service of Caraș-Severin for the issuance of the permit for the ABC platform and the withdrawal of the permit for the Călnicel platform, which had not been granted.

In relation to the offer of the Reșița ATU no. 28325/28.03.2024, the secured creditor Serraghis Loan Management ltd, has requested to supplement the offer for the offered assets under its guarantee, in order to fully recover the real estate registered in the respective land registers.

On 19.04.2024, the Insolvency/Judicial Administrator forwarded the secured creditor's request to the Reșița ATU to complete the offer and to supplement the financial offer with the sum of 154.700 euro.

**Judicial Administrator:**

**EURO INSOL SPRL and VF Insolvență SPRL Consortium**

HR and Economic Director:  
Nicoleta Liliana 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, 2024.

The Special Trustees of *the Company* confirm, regarding the interim Financial Statements on March 31, 2024, 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 on its business on a going concern basis.

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 31.03.2024

Lei

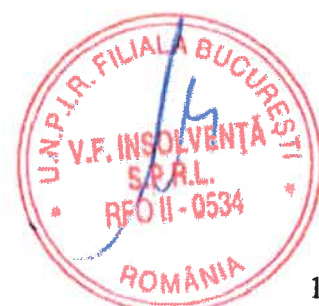
| Reference<br>Statement of<br>financial<br>position IAS<br>1.10(a), 113 | Note | Balance sheet items   | Balance on<br>01.01.2024 | Balance on<br>31.03.2024 |
|--|------|---|--------------------------|--------------------------|
| IAS 1.54(a)  | 3    | Tangible fixed assets   | 50,295,432               | 49,681,178               |
| IAS 1.54(c)  | 3    | Intangible fixed assets                                       | 444,076                  | 435,233                  |
|  | 3    | Financial assets  | 3,717,317                | 3,293,030                |
|  |      | <b>Total of fixed assets</b>                                  | <b>54,456,825</b>        | <b>53,409,441</b>        |
| IAS 1.54(h)  | 4    | Trade receivables and receivables from<br>affiliated entities | 4,984,273                | 4,393,621                |
| IAS 1.54(g)  | 5    | Stocks  | 6,019,822                | 4,734,867                |
| IFRS 5.38  |      | Deferred tax assets   | 75,190,211               | 14,565,570               |
| IAS 1.54(o), 56  | 12   | Fixed assets held for sale                                    | 11,324,226               | 11,324,226               |
| IAS 1.54(h)  | 4    | Other receivables   | 802,132                  | 1,125,387                |
| IAS 1.54(i)  | 6    | Cash and cash equivalents                                     | 3,280,252                | 66,028,711               |
|  |      | Prepayments   | 6,600                    | 3,719                    |
|  |      | <b>Total of current assets</b>                                | <b>101,607,516</b>       | <b>102,176,101</b>       |
|  |      | <b>TOTAL ASSETS</b>   | <b>156,064,341</b>       | <b>155,585,542</b>       |
| IAS 1.54(k)  | 7    | Supplies and other trade payables                             | 7,739,108                | 9,149,685                |
| IAS 1.54(k)  | 7    | Taxes and other debts   | 408,407,356              | 414,840,100              |
| IAS 1.54(o), 56  | 12   | Deferred tax debts  | 24,333,888               | 24,333,888               |
| IAS 1.54(l)  | 8    | Provisions  | 82,776,060               | 82,776,060               |
| IAS 1.55, 20.24  |      | Revenues in advance   | 30,810,198               | 1,641,564                |
|  |      | <b>Total debts</b>  | <b>554,066,610</b>       | <b>532,741,297</b>       |
|  |      | <b>Total assets minus Total debts</b>                         | <b>(398,002,269)</b>     | <b>(377,155,755)</b>     |
|  | 9    | Registered capital  | 601,685,084              | 601,685,084              |
|  | 3    | Revaluation reserves  | 99,992,438               | 71,832,989               |
|  | 9    | Legal reserves  | 1,972,406                | 1,972,406                |
|  |      | Other reserves  | 16,088,620               | 16,088,620               |
|  | 9    | Carried over result   | (1,105,331,085)          | (1,089,581,369)          |
|  | 9    | Current result  | (12,409,732)             | 20,846,515               |
|  | 9    | Profit sharing, establishing of legal<br>reserves             |                          | -                        |
|  |      | <b>Total equity</b>   | <b>(398,002,269)</b>     | <b>(377,155,755)</b>     |
|  |      | <b>TOTAL LIABILITIES</b>                                      | <b>156,064,341</b>       | <b>155,585,542</b>       |

**Judicial Administrator:**

EURO INSOL SPRL and VF Insolvența SPRL Consortium

HR and Economic Director

Nicoleta Liliana IONETE





## Statement of comprehensive income on 31.03.2024

- Lei -

| Reference<br>STATEMENT OF<br>OVERALL<br>RESULT IAS<br>1.10(B), 81(A) | Explanations   | 31.03.2023         | 31.03.2024         |
|--|--|--------------------|--------------------|
| IAS 1. 82(a) IAS<br>1.99,103   | Operating revenues   | 4,577,945          | 3,701,303          |
| IAS 1.99, 103  | Cost of sales  | 6,972,447          | 5,634,974          |
|  | <b>Gross operating profit (loss)</b>                       | <b>(2,394,502)</b> | <b>(1,933,671)</b> |
| IAS 1. 82(a) IAS<br>1.99,103   | Income from sale of business<br>line                       | -                  | 97,004,883         |
| IAS 1.99, 103  | Cost of selling the business line                          | -                  | 65,376,490         |
|  | <b>Gross profit (loss) on sale of<br/>business line</b>    | <b>-</b>           | <b>31,628,393</b>  |
| IAS 1.99, 103  | Other operating revenues                                   | 8,157              | 1,251,068          |
| IAS 1.99, 103  | Distribution costs   | -                  | 14,000             |
| IAS 1.99, 103  | Administrative expenses                                    | 3,446,442          | 3,695,395          |
| IAS 1.99, 103  | Other operating expenses                                   | (155,972)          | -                  |
| IAS 1. 82(a) IAS<br>1.99,103   | Financial revenues   | 142,146            | 120,426            |
| IAS 1.82(b)  | Financial expenses   | 174,697            | 37,394             |
| IAS 1.85   | <b>Result before tax</b>                                   | <b>(5,709,366)</b> | <b>27,319,427</b>  |
| IAS 1.82(d), IAS<br>12.77  | Income tax expenses  | -                  | 6,472,912          |
|  | <b>Net Profit (loss)</b>                                   | <b>(5,709,366)</b> | <b>20,846,515</b>  |
|  | <i>Establishing of legal reserves under<br/>Law31/1990</i> | -                  | -                  |
| IFRS 5.33(a),<br>1.82(e)   | <b>Profit attributable to:</b>                             | -                  | -                  |
| IAS 1.83(b)(ii)  | Owners of the Company                                      | -                  | -                  |
| IAS 1.83(b)(i)   | Non-controlling interests                                  | -                  | -                  |

**Judicial Administrator:**  
EURO INSOL SPRL and VF Insolventă SPRL Consortium

HR and Economic Director  
Nicoleta Liliana IONETE



**S.c. U.C.M. Reșița S.a.**  
(company in judicial reorganisation, en redressement)  
**Separate Financial Statements on March 31, 2024**  
(all amounts are given in lei (RON) unless otherwise stated)

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON MARCH 31, 2024**

-Lei-

| Explanation/Description  | 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         |
|--|--------------------|----------------------|----------------|--|----------------|---------------------|---------------------------------------|---------------|
| 1  | 2                  | 3                    | 4              | 5  | 6              | 7                   | 8                                     | 9             |
| Balance on 01 January 2024   | 601.685.084        | 99.992.438           | 1.972.406      | 275.081.046  | 16.088.620     | (1.380.412.131)     | (12.409.732)                          | (398.002.269) |
| Changes in equity - March 31, 2024   |                    |                      |                |  |                |                     |                                       |               |
| Transfer of surplus from revaluation reserves                                    |                    | (28.159.449)         |                | 28.159.449   |                |                     |                                       | -             |
| Transfer of the result of the accounting year 2023 to the carried over result    |                    |                      |                |  |                | (12.409.732)        | 12.409.732                            | -             |
| Account closing - profit share   |                    |                      |                |  |                |                     |                                       | -             |
| Registration of accounting errors from previous years to the carried over result |                    |                      |                |  |                |                     |                                       | -             |
| Net result of the current accounting year  |                    |                      |                |  |                |                     | 20.846.515                            | 20.846.515    |
| Balance on 31 March 2024   | 601.685.084        | 71.832.989           | 1.972.406      | 303.240.494  | 16.088.620     | (1.392.821.863)     | 20.846.515                            | (377.155.755) |

The legal reserves of the Company, constituted in accordance with the provisions of the Commercial Companies Act, as at 31 March 2024 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, it becomes taxable in the calculation of corporation tax.

We mention that on March 31, 2024, the Company has not yet reached the maximum level of legal litigation.

**Judicial Administrator:**

EURO INSOL SPRL and VF Insolvență SPRL Consortium

HR and Economic Director



**s.c. U.C.M. Reșița s.a.**  
(company in judicial reorganisation, en redressement)  
**Separate Financial Statements on March 31, 2024**  
(all amounts are given in lei (RON) unless otherwise stated)

---

Nicoleta Liliana IONETE

## STATEMENT OF CASH FLOWS ON 31.03.2024

-Lei-

| Name of the element   | No.<br>line | Financial exercise ended on: |               |
|---|-------------|------------------------------|---------------|
|   |             | 31 March 2023                | 31 March 2024 |
| <b>OPERATING ACTIVITIES</b>   |             |                              |               |
| Net profit+Result carried over from correction of accounting errors     | 1           | (5,709,366)                  | 20,846,515    |
| Adjustments for:  |             |                              |               |
| Adjusting the value of tangible and intangible assets                   | 2           | 611,591                      | 628,085       |
| Adjusting the value of financial assets                                 | 3           | (30,327)                     | (894)         |
| Expenses (revenues) with adjustments for depreciation of current assets | 4           | (71,672)                     | (9,250,349)   |
| Adjustments to the provisions for risks and expenses                    | 5           | (84,301)                     | -             |
| Expenses with the donating granted                                      | 6           | -                            | -             |
| Revenues from interests and other financial income                      | 7           | (38,838)                     | (6,317)       |
| Expenses with interests and other financial income                      | 8           | -                            | -             |
| Cash flow before changes in working capital (line 1 to 8)               | 9           | (5,322,913)                  | 12,217,040    |
| Decrease /(Increase) – customers and other assimilated accounts         | 10          | (19,149)                     | 633,885       |
| Decrease /(Increase) in stocks  | 11          | (1,192,633)                  | 3,280,945     |
| Decrease /(Increase)- supplies and other assimilated accounts           | 12          | 4,691,465                    | (21,325,314)  |
| Cash flow from operating activities (row. 9 to 12)                      | 13          | (1,843,230)                  | (5,193,444)   |
| Revenue from interests  | 14          | 38,839                       | 6,317         |
| (Net increase) / Net decrease in restraint                              | 15          | 30,349                       | (120,741)     |
| Cash flow from operating activities (row.13 to 15)                      | 16          | (1,174,042)                  | (5,307,868)   |
| <b>INVESTING ACTIVITIES</b>   |             |                              |               |
| Cash payment for long-term purchasing of land and other assets          | 17          | (11,716)                     | (4,988)       |
| Proceeds from sales of land and other fixed assets                      | 18          | -                            | 67,879,000    |
| Revenues from dividends   | 19          | -                            | 61,574        |
| Net cash used in investing activities (row. 17 to 19)                   | 20          | (11,716)                     | 67,935,586    |
| <b>FINANCING ACTIVITIES</b>   |             |                              |               |
| Discounts of borrowed amounts   | 21          | -                            | -             |
| Net cash used in financing activities (line. 21)                        | 22          | -                            | -             |
| Net increase/(Decrease) in cash and cash equivalents (line 17+20+23)    | 23          | (1,785,758)                  | 62,627,718    |
| Cash and cash equivalents at the beginning of the year                  | 24          | 5,954,786                    | 3,080,834     |
| Cash and cash equivalents at the end of the period (row. 23+24)         | 25          | 4,169,028                    | 65,708,552    |

**Judicial Administrator:**

EURO INSOL SPRL and VF Insolvență SPRL Consortium

HR and Economic Director  
Nicoleta Liliana IONETE



### Economic - Financial Indicators on 31.03.2024

| Indicator  | Calculation method        | Value         |
|--|---------------------------|---------------|
| <b>1. Current liquidity</b>                        | $1=2/3$                   | 0.23          |
| 2. Current assets (lei)                            | 2                         | 102,172,382   |
| 3. Current liabilities (lei)                       | 3                         | 448,323,673   |
| <b>4. Level of indebtedness</b>                    | $4=5/6$                   | #N/A          |
| 5. Borrowed capital (lei)                          | 5                         | 0             |
| 6. Capital employed (lei)                          | 6                         | (377,155,755) |
| <b>7. Turnover ratio of customer debits (days)</b> | $7=8/9 \times (365/4)$    | 115           |
| 8. Average balance of trade receivables (lei)      | 8                         | 4,658,160     |
| 9. Turnover (lei)                                  | 9                         | 3,701,303     |
| <b>10. Turnover ratio of fixed assets (days)</b>   | $10=11/12 \times (365/4)$ | 1,317         |
| 11. Fixed assets (lei)                             | 11                        | 53,409,441    |
| 12. Turnover (lei)                                 | 12                        | 3,701,303     |

**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, 2024.

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 31.03.2024, 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 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.

The individual financial statements have been prepared on the assumption that *the Company* is conducting its business based on the measures set out in the Reorganisation Plan confirmed on 01.02.2022.

## **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 31.03.2024 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, 2024 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 31.03.2024, 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 ought to 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, 2024, the *Company* has no subsidiaries.

## **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 2023 | 31 march 2024 |
|----------|---------------|---------------|
| RON/EUR  | 4.9491        | 4.9695        |
| RON/USD  | 4.5463        | 4.6078        |
| RON/GBP  | 5.6256        | 5.8126        |
| RON/CHF  | 4.9573        | 5.1124        |

***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.

***f) 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**

On 11.03.2023, the Contract of Sale and Purchase of the Business, concluded between UCM Reșița and Uzina de Construcții Mașini Hidroenergetice SRL was authenticated under no 210.

By signing this document, the Plan implementation measure provided for in item 10.2 "Sale of core-business" of the confirmed Reorganization Plan was carried out.

The Sale and Purchase Agreement No 210/11.03.2024 concluded between UCM Reșița SA and Uzina de Construcții Mașini Hidroenergetice SRL contains a number of post-transfer obligations for both the Seller and the Buyer, which are intended to ensure the functional independence of each of the two entities.

These obligations refer to ensuring the provision of utilities, the necessary authorisations and licences for each party, the relocation of the assets of the patrimony located on the Perimeter of the other entity.

According to Article 2.3.2 of the Sale and Purchase Agreement, the Company must keep the utility supply contracts in force for a period of 3 months after authentication or until the date on which UCMH concludes its own contracts. Until one of these two conditions is met, UCM Reșița will charge the countervalue of the utilities relating to the UCMH Perimeter.

On 22 March 2024, UCM Reșița, concluded a new contract with the water supplier Aquacaraș SA for the perimeter and the buildings remaining in its ownership after the transfer to UCMH.

According to Articles 8.2.1; 8.2.2. and 8.2.3 of the GCC, the Parties undertake that within 24 (twenty-four) months from the Authentication Date, they will undertake all necessary steps and works and complete the relocation of their assets from the other Party's

Perimeter, cooperating in good faith, including in the event that a new deadline is required if at the end of 24 months the relocation is not completed.

Article 2.8.2 states that if, after the Authentication Date, it is determined that either rights-of-way additional to those established under the CVC are required or that clearer identification of rights-of-way is necessary, the parties will cooperate in good faith and enter into separate agreements (including easement agreements). For the establishment of such rights the parties will cooperate in good faith.

Pursuant to Article 2.1.8, in the event that the Buyer determines within a period of 6 (six) months after the Authentication Date that the items comprising the Transaction Perimeter are insufficient for the Business, the Seller shall cooperate with the Buyer to identify the additional items necessary for the Business remaining in the Seller's estate and shall promptly and in good faith commence proceedings to recover those additional items from the Buyer under the terms of Law No. 85/2006, with the approval of the UCM Reșița S.A. creditors' meeting.

Regarding the conclusion of the Sale and Purchase Agreement no. 210/11.03.2024 concluded between UCM Reșița SA and Uzina de Construcții Mașini Hidroenergetice SRL we state that the price received was 67,879,000 lei and the Reorganization Plan provided for the assets of the business perimeter the sum of 125,924,686.30 lei.

Since the Directorate building became part of the UCMH patrimony, the administrative headquarters of UCM Reșița was relocated to the Human Resources (Cadre) building, the postal address being the same.

In accordance with the provisions of Law 265/2006 approving Government Emergency Ordinance No. 195/2005 and the provisions of the CVC, the parties submitted to the Caraș-Severin Environmental Protection Agency, the Joint Notification on environmental liability after the transfer date.

The company UCM Reșița S.A. no longer carries out production activities, having at this moment a number of 33 employees with active part-time contracts, who serve to collect the rents related to the studios owned by the debtor, to preserve the patrimony and to respect the legal and contractual obligations that UCM Reșița S.A. has.

Because of the context in which UCM Reșița S.A. finds itself, it failed to carry out, according to the Reorganisation Plan, no activity in the Blue Hall and SME2; there will be taken steps to sell these assets as well, as foreseen in the Plan.

On 28.03.2024 the Company received from the Municipality of Reșița administrative territorial unit ( ATU) the offer no. 28325/28.03.2024 concerning the acquisition of movable and immovable property located in Reșița, which are part of UCM Reșița SA assets. This offer complements the offer of the Reșița ATU no. 85905/08.12.2023.

The objectives targeted by these offers are:

- The "Cadre" building, with land of 2,179 m<sup>2</sup> and related movable assets
- The "Muzeu" building, with 336 sq meters of land and related movable property (including models)
- " Vila de oaspeți ", the "Remiza" and the " Vila Roșie ", with a total area of 9,443 m<sup>2</sup> of land and related movable property

- Kindergarten and crèche building
- Casa de Cultură (House of Culture)

In the first quarter of 2024, U.C.M. Reșița S.A. fulfilled its obligations to remit taxes and social contributions with withholding tax to the state budget.

At the trial date of 05.03.2024 in case no. 35929/3/2023, the court rejected the claim for rectification of the activity report published in the B.P.I. no. 18760/20.11. 2023, by reference to the necessity of analysing the specified payment request and of mentioning the completion of the steps for clarification of the tax records, as devoid of purpose and dismissed the remainder of the appeal brought by the appellant DIRECȚIA GENERALĂ REGIONALĂ A FINANTELOR PUBLICE BUCUREȘTI, representing the Tax Administration for Medium Taxpayers.

#### **4. Subsequent events**

On 03.04.2024 by address no. 38499 SPEEH Hidroelectrica SA announced the start of the procurement procedure "Negotiation without prior invitation to a competitive bidding procedure", in order to award the contract for the sectoral purchase of products having as object "Refurbishment of Stejaru HPP, Components and parts for 29.92 MVA generators related to HA1 and HA2".

UCM Reșița SA, within the framework of the contract for the refurbishment of Stejaru HPP, which it had with Romelectro SA - in insolvency, produced the parts that are the subject of this tender, but based on the termination of the contract they were not delivered and invoiced, remaining the property of UCM Reșița SA and being able to be directly recovered to the final beneficiary, Hidroelectrica SA.

In its reply of 15.04.2024, UCM Reșița S.A. informed Hidroelectrica that it was impossible for UCM Reșița to take part in this tender under the conditions laid down in the tender specifications, given the real situation in which the company found itself after the transfer of the business to UCMH, since it did not have the licences, authorisations or staff who had manufactured the parts in question.

On 03.04.2024 the representatives of UCM Reșița participated together with the administrators of UCMH in the meeting organized by ANPM in relation to the requests of the two entities to issue environmental permits.

Moreover, the Company applied to the Banat Water Basin Administration - Water Management Service of Caraș-Severin for the issuance of the permit for the ABC platform and the withdrawal of the permit for the Călnicel platform, which had not been granted.

In relation to the offer of the Reșița ATU no. 28325/28.03.2024, the secured creditor Serraghis Loan Management Ltd, has requested to supplement the offer for the offered assets under its guarantee, in order to fully recover the real estate registered in the respective land registers.

On 19.04.2024, the Insolvency/Judicial Administrator forwarded the secured creditor's request to the Reșița ATU to complete the offer and to supplement the financial offer with the sum of 154.700 euro.

**Judicial Administrator:**  
**EURO INSOL SPRL and VF Insolvență SPRL Consortium**

HR and Economic Director  
Nicoleta Liliana IONETE

