

U.C.M. Reșița S.A.  
Sediul Social: Piața Charles de Gaulle, nr. 15  
Clădirea Charles de Gaulle Plaza, etaj 3, birou Peles  
011857, sector 1, București, România  
Sediul Administrativ: Str. Golului, Nr.1, 320053, Reșița, România  
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**CURRENT REPORT**

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

Date of the report: 09.08.2024

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 semester of 2024

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

The Report can be found, as of 09.08.2024, 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 semester of 2024 are not audited.

In the table below is presented the situation of assets, liabilities and equity on June 30, 2024 compared to the beginning of the year 2024:

		Lei	
No.	Balance sheet items	01.01.2024	30.06.2024
1	Fixed assets	54,456,825	52,782,478
2	Current assets	101,600,916	100,093,711
3	Prepayments	6,599	1,513
	<b>TOTAL ASSETS</b>	<b>156,064,341</b>	<b>152,877,702</b>
4	Debts	440,480,352	445,329,299
5	Income in advance	30,810,198	1,525,166
6	Provisions	82,776,060	82,776,060
7	Owner's equity	(398,002,269)	(376,752,823)
	<b>TOTAL LIABILITIES</b>	<b>156,064,341</b>	<b>152,877,702</b>

The profit and loss account highlights the following indicators:

		Lei	
No.	Indicator name	30.06.2023	30.06.2024
<b>1</b>	<b>Turnover (2+3-4)</b>	<b>14,349,364</b>	<b>4,908,140</b>
2	Production sold	14,349,364	4,908,140
3	Revenues from sale of goods	-	
4	Discounts granted	-	
5	Changes in stocks: Credit balance	-	
	Debtor balance	260,745	10,607,540
6	Capitalized production	-	
<b>7</b>	<b>Exercise production (1+/-5+6)</b>	<b>14,088,619</b>	<b>-5,699,400</b>
8	Other operating revenues, of which :	360,950	98,280,911
8a	Income from fixed assets held for sale	333,921	67,879,000
<b>9</b>	<b>Operating revenues, total (7+8)</b>	<b>14,449,569</b>	<b>92,581,511</b>
10	Financial revenues, total	403,291	763,747
<b>11</b>	<b>Total revenues (9+10)</b>	<b>14,852,860</b>	<b>93,365,258</b>

The expenses of the company are shown below:

		Lei	
No.	Indicator name	30.06.2023	30.06.2024
1	Expenses on raw material and consumables	2,071,507	102,239
2	Other external expenses (energy and water)	2,778,907	1,514,733
3	Expenses with the personnel	11,724,076	5,014,319
4	Adjustments	1,057,948	(8,009,798)
5	Other operating expenses, of which :	4,121,682	66,753,141
5a	Expenses on disposal of fixed assets held for sale	144,113	60,624,641
<b>6</b>	<b>Total operating expenses (rw. 1 la 5)</b>	<b>21,754,120</b>	<b>65,374,634</b>
7	Total financial expenses	345,251	87,230
<b>8</b>	<b>TOTAL EXPENSES</b>	<b>22,099,371</b>	<b>65,461,864</b>

The evolution of the results is shown below:

		Lei	
No.	Indicator name	30.06.2023	30.06.2024
1	Operating revenues	14,449,569	92,581,511
2	operating expenses	21,754,120	65,374,634
3	<b>Operating activities</b>	<b>(7,304,551)</b>	<b>27,206,877</b>
4	Financial revenues	403,291	783,747
5	Financial expenses	345,251	87,230
6	<b>Financial result</b>	<b>58,040</b>	<b>696,517</b>
7	The profit tax	-	6,653,948
8	<b>Net result for the financial year</b>	<b>(7,246,511)</b>	<b>21,249,446</b>

The 21,249,446 lei net profit achieved during the first semester of 2024, primarily through the sale of the "Business Line" as outlined in the 11.03.2024 contract, is expected to offset the accumulated losses by the end of the year, in compliance with relevant laws.

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



**s.c.U.C.M. Reșița s.a.**

**(societate în reorganizare judiciară, in judicial reorganisation, en redressement)**

**Separate Financial Statements**

prepared in accordance with the  
Order of the Minister of Finance no. 2844/2016

on

**JUNE 30, 2024**

**Separate Financial Statements on June 30, 2024**  
*(all amounts are given in lei (RON) unless otherwise stated)*

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**Separate Financial Statements on June 30, 2024**  
(all amounts are given in lei (RON) unless otherwise stated)

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## Judicial Administrator Report on 30 June 2024

The reports for the first semester 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 semester 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-June 2024.

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

The situation of assets, debts and equity on 30.06.2024, compared to the beginning of 2024, is as follows::

No.	Balance sheet items	Lei	
		01.01.2024	30.06.2024
1	Fixed assets	54,456,825	52,782,478
2	Current assets	101,600,916	100,093,711
3	Prepayments	6,599	1,513
	<b>TOTAL ASSETS</b>	<b>156,064,341</b>	<b>152,877,702</b>
4	Debts	440,480,352	445,329,299
5	Income in advance	30,810,198	1,525,166
6	Provisions	82,776,060	82,776,060
7	Owner's equity	(398,002,269)	(376,752,823)
	<b>TOTAL LIABILITIES</b>	<b>156,064,341</b>	<b>152,877,702</b>

Compared to 01.01.2024, on 30.06.2024 the total assets registered a decrease of 1,74%, and current liabilities of 0.67%. The debts existing in the balance on 30.06.2024 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 on 01.01.2024:

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Lei

<b>Nr. crt.</b>	<b>Designation of indicator</b>	<b>01.01.2024</b>	<b>30.06.2024</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	52,782,478	(1,674,347)
2	Current assets	101,600,916	100,093,711	(1,507,205)
3	Prepayments	6,599	1,513	(5,086)

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>30.06.2024</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	19,210,222	(61,999,811)
1.a	- raw material and consumables	3,366,375	3,348,397	(17,978)
1.b	- fixed assets held for sale	75,190,212	14,565,570	(60,624,642)
1.c	- production in progress	2,110,637	922,112	(1,188,525)
1.d	- finished products and goods	542,809	374,143	(168,666)
2	Other current assets of which:	20,390,883	80,883,489	60,492,606
2.a	- receivables	17,110,631	12,381,137	(4,729,494)
2.b	- cash and cash equivalents	3,280,252	68,502,352	65,222,100

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, fixed assets held for sale, as well as work in progress and finished products decreased while cash holdings increased.

During the second quarter of 2024, the works carried out for the hydropowers CHE Porți de Fier I and CHE Malaia, prior to the transfer to UCMH, were invoiced.

Receivables saw a notable decline, primarily due to the adjustment of the electricity advance recorded in 2023.

The funds generated from the sale of business lines under the Sale and Purchase Agreement no. 210/11.03.2024, concluded between UCM Reșița SA and Uzina de Construcții Mașini Hidroenergetice S.R.L., are reflected in the cash balance as of 30.06.2024. These funds will be distributed according to the Reorganization Plan, once the court resolves any pending

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

Lei

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(all amounts are given in lei (RON) unless otherwise stated)

No.	Indicator name	01.01.2024	30.06.2024	Differences
0	1	2	3	4=3-2
1	Owner's equity	(398,002,269)	(376,752,823)	21,249,446
2	Debts	440,480,352	445,329,299	4,848,947
3	Income in advance	30,810,198	1,525,166	(29,285,032)
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

No.	Indicator name	30.06.2023	30.06.2024
1	<b>Turnover (2+3-4)</b>	<b>14,349,364</b>	<b>4,908,140</b>
2	Production sold	14,349,364	4,908,140
3	Revenues from sale of goods	-	-
4	Discounts granted	-	-
5	Changes in stocks: Credit balance	-	-
	Debtor balance	260,745	10,607,540
6	Capitalized production	-	-
7	<b>Exercise production (1+/-5+6)</b>	<b>14,088,619</b>	<b>(5,699,400)</b>
8	Other operating revenues	360,950	98,280,911
8a	Income from fixed assets held for sale	333,921	67,879,000
9	<b>Operating revenues, total (7+8)</b>	<b>14,449,569</b>	<b>92,581,511</b>
10	Financial revenues, total	403,291	783,747
11	<b>Total revenues (9+10)</b>	<b>14,852,860</b>	<b>93,365,258</b>

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

Lei

No.	Indicator name	30.06.2023	30.06.2024
1	Expenses on raw material and consumables	2,071,507	102,239
2	Other external expenses (energy and water)	2,778,907	1,514,733
3	Expenses with the personnel	11,724,076	5,014,319
4	Adjustments	1,057,948	(8,009,798)
5	Other operating expenses, of which :	4,121,682	66,753,141
5a	Expenses on disposal of fixed assets held for sale	144,113	60,624,641
6	<b>Total operating expenses (rw. 1 la 5)</b>	<b>21,754,120</b>	<b>65,374,634</b>
7	Total financial expenses	345,251	87,230
8	<b>TOTAL EXPENSES</b>	<b>22,099,371</b>	<b>65,461,864</b>

Both income and expenses for the first half of 2024 have been significantly impacted by the sale and purchase agreement no. 210/11.03.2024 concluded between UCM Reșița SA and Uzina de Construcții Mașini Hidroenergetice S.R.L., and can be seen in the categories/chapters "Changes in inventories", "Other operating income", "Adjustments" and "Other operating expenses", respectively.



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This transaction has also influenced the overall operating activity, leading to a decrease in both income and expenses, as the Company has not engaged in any production activities since the contract was signed.

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

		Lei	
Nr. crt.	Indicator name	30.06.2023	30.06.2024
1	Operating revenues	14,449,569	92,581,511
2	Operating expenses	21,754,120	65,374,634
<b>3</b>	<b>Operating result</b>	<b>(7,304,551)</b>	<b>27,206,877</b>
4	Financial revenues	403,291	783,747
5	Financial expenses	345,251	87,230
<b>6</b>	<b>Financial result</b>	<b>58,040</b>	<b>696,517</b>
7	The profit tax	-	6,653,948
<b>8</b>	<b>Net result for the financial year</b>	<b>(7,246,511)</b>	<b>21,249,446</b>

The 21,249.46 lei net profit achieved during the first semester of 2024, primarily through the sale of the "Business Line" as outlined in the 11.03.2024 contract, is expected to offset the accumulated losses by the end of the year, in compliance with relevant laws.

### C. Personnel situation

During the second quarter, the period of 3 months for the duration of the individual employment contracts for the necessary staff to conduct ongoing activity expired. These contracts were then extended, by means of an additional act, through mutual consent, for another 3 months until 13.09.2024.

Within this timeframe, 3 people were relocated to UCMH as outlined in Annex 7 of the CVC document dated 11.03.2024. An employee who had recently returned from parental leave promptly requested to end his/her employment.

On 30.06.2024, UCM Reșita SA had a total workforce of 39 staff members, including 3 on sick leave and 3 on parental leave with suspended contracts.

### D. The commercial situation

The turnover realized by UCM Reșita SA in the second quarter of 2024 amounted to 1,206,836.41 lei, of which 600,105 correspond to the outstanding works yet to be invoiced from the period before the transfer to UCMH, for the hydropower projects CHE Porți de Fier I and CHE Malaia. Subsequent to the transfer, the Company's commercial activity consisted mainly in renting premises, through the performance of existing contracts and the conclusion of new ones. Concerning residential rent, the preferential pricing for former employees was discontinued by the transfer to UCMH, due to the loss of employee status post-transfer of UCM Reșita.

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*(all amounts are given in lei (RON) unless otherwise stated)*

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Therefore, starting from 01.04.2024, for tenants former employees of UCM Reșița, the rent increases are:

- From 70.97 lei up to 124.19 lei for one-room flats on no. 1, 2, 3 and 5, Căminelor Street and from 177.42 lei to 212.90 lei for one-room flats on no. 5A, Albăstrelelor Street

- from 106.45 lei to 177.42 lei for two-room flats on no. 1, 2, 3 and 5 Căminelor Street and from 248.39 lei to 283.87 lei for two-room flats on no. 5A Albăstrelelor Street

**E. Environmental aspects**

In the second quarter of 2024, the staff at both the ABC industrial platform and the Călnicel platform ensured compliance with environmental and water management obligations.

After the main business was transferred to UCMH, efforts were made to update, transfer, or issue environmental and water management permits.

The initial application to the Caraș-Severin Water Management System was submitted in April along with the environmental permit documentation.

On May 08, 2024, the Company received notification about the transfer of water management authorization No. 60/SGA-SA/14.12.2022 for the Călnicel industrial platform to UCMH, based on the Sale and Purchase Agreement No. 210/11.03.2024.

Despite initiating the process simultaneously for the ABC platform, on which UCM Reșița continues to hold water uses, a new authorization was not obtained although the Company resubmitted the request multiple times.

With regard to obtaining environmental permits for the two platforms, throughout June the Company had extensive correspondence with the Caraș-Severin Environmental Protection Agency to determine environmental obligations as a result of the transfer to UCMH.

By address no. 65621/AAA/04.06.2024, registered at UCM Reșița by no. 105/DG0060/10.06.2024, Caraș-Severin APM requested details regarding the current situation/activities carried out on the ABC industrial platform, in accordance with the Environmental Authorization no. 94 of 18.11.2021, with yearly permit no. 357 of 09.10.2023 and on the Călnicel platform, in accordance with the Environmental Authorization no. 96 of 25.11.2021, with annual visa no. 358 of 09.10.2023.

Subsequently, on 19.06.2024, by address no. 117/DG0060, forwarded to the Environmental Guard - Caras-Severin County Commissioner's Office, the Company requests the Environmental Protection Agency to outline environmental responsibilities when production ends at the ABC industrial platform, located in Reșița, Golului street no. 1, respectively Călnicel industrial platform, located in Reșița, Făgărașului street no. 12A.

On 13.06.2024, the Company underwent an inspection by the Environmental Guard-Caras-Severin County Commissioner's Office (GNMCJ CS). The inspection was carried out based on the APM CS address no. 65621/AAA/04.06.2024, registered at GNMCJ CS under no. 1096/CJCS/06.06.2024 and at UCM Reșița under no. 105/DG0060/10.06.2024.

According to the Notice of Findings registered at UCM Reșița by no. 471/25.06.2024 no penalties were imposed, and the specified actions pertain to sending the authorization issued by APMCS to GNMCJ CS within 10 days. The other actions involve adhering to GEO

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195/2005 and GEO 92/2021 on environmental protection and notifying GNM CJ CS in writing of any changes or incidents impacting the environment.

**F. Implementation of the Reorganisation Plan**

During this quarter, the focus was primarily on analyzing the offer received from Reșița Municipality UAT/ATU as part of implementing the measures outlined in the Reorganization Plan. Discussions with creditors were also held to determine the order and method of assets' disposal, along with organizing the Company's operations post-transfer to UCMH.

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

On 03.04.2024 by address no. 38499 SPEEH Hidroelectrică SA announced the initiation of the procurement procedure "Negotiation without prior invitation to a competitive bidding procedure", in order to award the sectoral procurement contract for the "Rehabilitation of the Stejaru Hydropower Plant, Components and spare parts for the 29.92 MVA generators HA1 and HA2".

UCM Reșița SA, based on the contract for the refurbishment of the Stejaru HPP, which it had with Romelectro SA - in insolvency, produced the spare 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 available for direct use by the final beneficiary, Hidroelectrică SA.

In the response dated 15.04.2024, UCM Reșița S.A informs Hidroelectrică about its inability to participate in this tender under the conditions stipulated in the specifications, given the factual situation in which the Company finds itself after the business transfer to UCMH, lacking the necessary licenses, authorizations, and personnel involved in manufacturing the specified benchmarks.

The Creditors' Committee was called together to authorize the finalization of the Evaluation Report for capitalizing the hydrogenerator components of Stejaru HPP - small hydrogenerator HG 1 and HG 2 that are still in the Company's possession.

On 31.05.2024, the Creditors' Committee gathered and gave their approval for the completion of the evaluation report, which was prepared by the ANEVAR DARIAN DRS SA. authorized appraiser. They endorsed the offer for the precise evaluation of the hydrogenerator components associated with Stejaru Power Plant - small hydrogenerator HG 1 and HG 2.

Based on the steps taken, in transferring the personnel and assets related to the electricity distribution service to UCMH, ANRE issued Decision no. 937 dated 22.05.2024, revoking License no. 1019 for providing electricity distribution service to UCM Reșița. This license was originally granted by Decision no. 1719 of the President of ANRE on 30.06.2011, with subsequent amendments.

The Company continued its cooperation with UCMH based on the Sale and Purchase Agreement no. 210/11.03.2024 in order to ensure the independence of each entity's functionality. This includes ensuring utilities, acquiring necessary authorizations and licenses, and relocating assets between the two entities.

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In this regard, in April, UCM Reșița concluded two additional agreements with RCS&RDS, to adjust the existing contract after transferring to UCMH.

In April, UCMH took steps to acquire custody of Hidroelectrica's property assets from U.C.M. Reșița S.A. The Minutes of Cancellation of Custody No. 324/UCMR/10.04.2024 for HPP Pașcani were signed with Hidroelectrica Piatra Neamț and Sebeș branches, and No. 325/UCMR/11.04.2024 for HPP Căineni.

Declarations were submitted in June to the National Trade Register Office regarding the ongoing activities at the secondary offices in Reșița after the main activity was transferred, and the Certificate of Ascertainment was updated.

After the Contract of Sale and Purchase of the business between UCM Reșița and Uzina de Construcții Mașini Hidroenergetice SRL was signed and authenticated on 11.03.2024, the Judicial Administrator prepared a Report on the fulfillment of duties related to the distribution of the price resulting from the business transfer no. 394/08.05.2024, which was filed and published in BPI no. 8714/10.05.2024.

The assets of UCM Reșița S.A.'s core-business were sold for less than the amount in the Payment Schedule of the Reorganization Plan, leading to a pro rata distribution among the creditors of the Authority for the Administration of State Assets and Serraghis Loan Management LTD. These creditors fall under the category of secured claims with priority for distribution, as stipulated in Art. 121 para. (1), point 2 of Law No 85/2006.

Challenges were raised against the Report on the price distribution in the reorganization proceedings of U.C.M. Reșița SA. which was published in the Insolvency Proceedings Bulletin no. 8714 on 10 May 2024. The appeals were filed by the creditors National Agency for Tax Administration under associated file no. 15398/3/2024 and by Reșița Municipality UAT under associated file no. 16447/3/2024, currently pending before the Bucharest Court - Civil Section VII with a deadline of 18.06.2024.

At the trial term, case no. 15398/3/2024 was dismissed, while case no. 16447/3/2024 was remanded for retrial, with a new date set for 17.09.2024.

Society UCM Reșița S.A. it no longer carries out production activities, having at this moment a number of 33 employees, with a part-time schedule, who serve to collect the rents related to the studios owned by the debtor, preserve the heritage and comply with the legal and contractual obligations that UCM Reșița S.A. has them.

Due to the context in which UCM Reșița S.A. is located. it failed to carry out, according to the Reorganization Plan, any activity in the blue hall and SME2, steps will be taken to sell these assets as well, as provided for in the Plan.

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

On 01.07.2024, the Company received offer no. 58178 from Reșița Municipality UAT/ATU regarding the acquisition of movable and immovable property in Reșița, belonging to UCM Reșița SA patrimony. This offer complements the previous offer from Reșița UAT no.

**S.C. U.C.M. Reșița s.a.**

(societate în reorganizare judiciară, company in judicial reorganisation, en redressement)

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28325/28.03.2024, in accordance with the proposal of the secured creditor Serraghis Loan Management.

The objectives targeted by this offer are:

- land measuring 2.179 m2, related to CF/LR 33707 and CF/LR 48686, including the "Cadre" building and its movable assets
- land of 336 m2, related to CF/LR 30616, including the "Muzeu" building and its movable assets (including models)
- land with a total surface area of 63.986 m2, corresponding to CF/LR 48645 and CF/LR 48682, with all the buildings located on them, including the bunker, the " Vila de oaspeți ", shed, the " Vila Roșie " and the movable property therein.

On 11.07.2024, UZIMET INDUSTRY S.R.L. submitted offer no. 2507/11.07.2024 for acquiring all assets associated with Electric Engines Section 2 - Călnicel Platform, along with the documentation in the existing form and structure, at a price of 14,804,611 lei excluding VAT.

On 08.07.2024, the Company was delivered the Appraisal Report No. DRS 1242 issued by the appraiser Darian DRS for the hydro generator components related to Stejaru Power Plant - small hydro generator HG 1 and HG 2, in accordance with the approval granted by the Creditors' Committee on 31.05/2024.

Based on the offers made by Reșița UAT /ATU and SC UZIMET INDUSTRY S.R.L, on 29.07.2024, the Judicial Administrator proceeded to draw up the Sale Regulations for the assets subject to these offers and submitted them for approval to the Creditors' Meeting which will be held on 20.08.2024.

On the agenda of this meeting was also included the sale of the Screw Factory from Anina, a building listed as a historical monument under LMI code: CS-II-m-A-10969.02, dating back to 1872.

The Evaluation Report's completion on the punctual evaluation of the hydro-generator components of the Stejaru Power Plant - small hydro-generator HG 1 and HG 2, includes presenting offers for services such as taking over, organization, and storage of the company's archive. Additionally, it involves the hiring of a conventional representative in file no. 1291/62/2023, which is pending before the Court of Brasov, Civil Section I. The Company is the plaintiff in this case, with the subject of the file being "action in tort civil liability." Moreover, the agenda of the Creditors' Committee, convened by the Judicial Administrator for 08.08.2024, includes the approval of the topographic work to update the extract of the land register for the Anina Screw Factory

**Judicial Administrator:**

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

**HR and Economic Director:**  
Nicoleta Liliana IONETE



**s.c. U.C.M. Reșița s.a.**  
(societate în reorganizare judiciară, company in judicial reorganisation, en redressement)

**Separate Financial Statements on June 30, 2024**  
(all amounts are given in lei (RON) unless otherwise stated)

**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 June 30, 2024.

The Special Trustees of *the Company* confirm, regarding the interim Financial Statements on June 30, 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 out its activity under the condition of continuity.

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

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





**Separate Financial Statements on June 30, 2024**  
(all amounts are given in lei (RON) unless otherwise stated)

**Statement of financial position on 30.06.2024**

Lei

Reference Statement of financial position IAS 1.10(a), 113	Note	Balance sheet items	Balance on 01.01.2024	Balance on 30.06.2024
IAS 1.54(a)	3	Tangible fixed assets	50,295,432	49,088,253
IAS 1.54(c)	3	Intangible fixed assets	444,076	426,390
	3	Financial assets	3,717,317	3,267,835
		<b>Total of fixed asse</b>	<b>54,456,825</b>	<b>52,782,478</b>
IAS 1.54(h)	4	Trade receivables and receivables from affiliated entities	4,984,273	859,551
IAS 1.54(g)	5	Stocks	6,019,822	4,644,652
		Fixed assets held for sale	75,190,211	14,565,570
IAS 1.54(o), 56	12	Deferred tax assets	11,324,226	11,324,226
IAS 1.54(h)	4	Other receivables	802,132	197,360
IAS 1.54(f)	6	Cash and cash equivalents	3,280,252	68,502,352
		Prepayments	6,600	1,513
		<b>Total of current assets</b>	<b>101,607,516</b>	<b>100,095,224</b>
		<b>TOTAL ASSETS</b>	<b>156,064,341</b>	<b>152,877,702</b>
IAS 1.54(k)	7	Supplies and other trade payables	7,739,108	6,067,719
IAS 1.54(k)	7	Taxes and other debts	408,407,356	414,927,692
IAS 1.54(o), 56	12	Deferred tax debts	24,333,888	24,333,888
IAS 1.54(i)	8	Provisions	82,776,060	82,776,060
IAS 1.55, 20.24		Revenues in advance	30,810,198	1,525,166
		<b>Total debts</b>	<b>554,066,610</b>	<b>529,630,525</b>
		<b>Total assets minus Total debts</b>	<b>(398,002,269)</b>	<b>(376,752,823)</b>
	9	Registered capital	601,685,084	601,685,084
	3	Revaluation reserves	99,992,438	71,278,338
	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)	(1,089,026,717)
	9	Current result	(12,409,732)	21,249,446
	9	Profit sharing, establishing of legal reserves		-
		<b>Total equity</b>	<b>(398,002,269)</b>	<b>(376,752,823)</b>
		<b>TOTAL LIABILITIES</b>	<b>156,064,341</b>	<b>152,877,702</b>

**Judicial Administrator:**

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

HR and Economic Director  
Nicoleta Liliana IONETE



**s.c. U.C.M. Reșița s.a.**  
(societate în reorganizare judiciară, company in judicial reorganisation, en redressement)

**Separate Financial Statements on June 30, 2024**  
(all amounts are given in lei (RON) unless otherwise stated)

### Statement of comprehensive income on 30.06.2024

- Lei -

Reference STATEMENT OF OVERALL RESULT IAS 1.10(B), 81(A)	Explanations	30.06.2023	30.06.2024
<i>IAS 1. 82(a) IAS 1.99,103</i>	Income from sales	14,349,364	4,908,140
<i>IAS 1.99, 103</i>	Cost of sales	14,995,427	5,819,217
	<b>Gross operating profit (loss)</b>	<b>(646,063)</b>	<b>(911,077)</b>
<i>IAS 1. 82(a) IAS 1.99,103</i>	Income from the sale of line of business	-	97,004,883
<i>IAS 1.99, 103</i>	Cost of selling the line of business	-	65,376,490
	<b>Gross profit (loss) from sale of business line</b>	<b>-</b>	<b>31,628,393</b>
<i>IAS 1.99, 103</i>	Other operating income	360,950	1,276,028
<i>IAS 1.99, 103</i>	Distribution costs	882	14,000
<i>IAS 1.99, 103</i>	Administrative expenses	7,046,811	4,772,467
<i>IAS 1.99, 103</i>	Other operating expenses	(28,255)	-
<i>IAS 1. 82(a) IAS 1.99,103</i>	Financial income	403,291	783,747
<i>IAS 1.82(b)</i>	Financial expenses	345,251	87,230
<i>IAS 1.85</i>	<b>Result before tax</b>	<b>(7,246,511)</b>	<b>27,903,394</b>
<i>IAS 1.82(d), IAS 12.77</i>	Income tax expenses	-	6,653,948
	<b>Net Profit (loss)</b>	<b>(7,246,511)</b>	<b>21,249,446</b>
	<i>Establishing of legal reserves under Law 31/1990</i>	-	-
<i>IFRS 5.33(a), 1.82(e)</i>	<b>Profit attributable to:</b>	-	-
<i>IAS 1.83(b)(ii)</i>	<i>Owners of the Company</i>	-	-
<i>IAS 1.83(b)(i)</i>	<i>Non-controlling interests</i>	-	-

**Judicial Administrator:**

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**Separate Financial Statements on June 30, 2024**  
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**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON JUNE 30, 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	275,881,046	16,088,620	(1,380,412,133)	(12,489,732)	(350,062,269)
Changes in equity - June 30, 2024								
Transfer of surplus from revaluation reserves		(28,714,099)		28,714,099				
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							21,249,446	21,249,446
Balance on 30 June 2024	601,685,084	71,278,339	1,972,406	303,795,145	16,088,620	(1,392,821,863)	21,249,446	(376,752,823)

The legal reserves of the Company, constituted in accordance with the provisions of the Commercial Companies Act, as at 30 June 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 30.06.2024, the Company has not yet reached the maximum level of legal litigation.

**Judicial Administrator:**

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**Separate Financial Statements on June 30, 2024**  
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**STATEMENT OF CASH FLOWS ON 30.06.2024**

-Lei-

Name of the element	No. line	Financial exercise ended on:	
		30 June 2023	30 June 2024
<b>OPERATING ACTIVITIES</b>			
Net profit+Result carried over from correction of accounting errors	1	(7,246,511)	21,249,446
Adjustments for:			
Adjusting the value of tangible and intangible assets	2	1,224,524	1,240,551
Adjusting the value of financial assets	3	(30,327)	(894)
Expenses (revenues) with adjustments for depreciation of current assets	4	(88,067)	(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	(65,247)	(558,383)
Expenses with interests and other financial income	8	-	-
Cash flow before changes in working capital (line 1 to 8)	9	(6,289,929)	12,680,371
Decrease /(Increase) – customers and other assimilated accounts	10	1,153,939	5,123,383
Decrease /(Increase) in stocks	11	628,689	3,371,160
Decrease /(Increase)- supplies and other assimilated accounts	12	(523,882)	(24,436,086)
Cash flow from operating activities (row. 9 to 12)	13	(5,031,183)	(3,261,172)
Revenue from interests	14	65,246	543,563
(Net increase) / Net decrease in restraint	15	32,566	(29,495)
Cash flow from operating activities (row.13 to 15)	16	(4,933,371)	(2,747,104)
<b>INVESTING ACTIVITIES</b>			
Cash payment for long-term purchasing of land and other assets	17	(11,716)	(15,685)
Proceeds from sales of real estate	18	-	67,879,000
Revenues from dividends	19	-	76,394
Net cash used in investing activities (row. 17 to 19)	20	(11,716)	67,939,709
<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	(4,945,087)	65,192,605
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	1,009,699	3,146,439

**Judicial Administrator:**  
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HR and Economic Director  
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**Separate Financial Statements on June 30, 2024**  
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**Economic - Financial Indicators on 30.06.2024**

Indicator	Calculation method	Value
<b>1. Current liquidity</b>	$1=2/3$	0.22
2. Current assets (lei)	2	100,093,711
3. Current liabilities (lei)	3	445,329,299
<b>4. Level of indebtedness</b>	$4=5/6$	#N/A
5. Borrowed capital (lei)	5	0
6. Capital employed (lei)	6	(376,752,823)
<b>7. Turnover ratio of customer debts (days)</b>	$7 = 8/9 \times (365/4 \times 2)$	108
8. Average balance of trade receivables (lei)	8	2,891,125
9. Turnover (lei)	9	4,908,140
<b>10. Turnover ratio of fixed assets (days)</b>	$10 = 11/12 \times (365/4 \times 2)$	1,963
11. Fixed assets (lei)	11	52,782,478
12. Turnover (lei)	12	4,908,140

**Judicial Administrator:**  
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**Separate Financial Statements on June 30, 2024**  
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## 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 June 30, 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 30.06.2024, the registered office of UCMR was in Bucharest, Charles de Gaulle Square 15, Charles de Gaulle Plaza Building, 3<sup>rd</sup> 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, and S.S.H HIDROSERV S.A, plus ALMET INTERNATIONAL LTD SRL.

The individual financial statements have been prepared starting from the assumption that the Company will continue its business based on to the implementation of the measures set out in the Reorganization 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)*

**Separate Financial Statements on June 30, 2024**  
*(all amounts are given in lei (RON) unless otherwise stated)*

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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 30.06.2024 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 June 30, 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 30.06.2024, 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* should present consolidated financial statements that strengthen the investments in subsidiaries. In preparing the consolidated financial statements should be combined the financial statements of the parent company and those of its subsidiaries, item by item, by adding together all similar items of assets, liabilities, equity, revenues and expenses.

On June 30, 2024, *the Company* also holds no subsidiary.

**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.



**Separate Financial Statements on June 30, 2024**  
*(all amounts are given in lei (RON) unless otherwise stated)*

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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.

**a) 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**

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**(all amounts are given in lei (RON) unless otherwise stated)**

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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.

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

**Separate Financial Statements on June 30, 2024**  
*(all amounts are given in lei (RON) unless otherwise stated)*

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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 fiscal 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.



**Separate Financial Statements on June 30, 2024**  
*(all amounts are given in lei (RON) unless otherwise stated)*

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***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.

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*(all amounts are given in lei (RON) unless otherwise stated)*

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***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 June 30, 2023 and 2024 are as follows:

Currency	<u>30 June 2023</u>	<u>30 June 2024</u>
RON/EUR	4.9634	4.9771
RON/USD	4.5750	4.6489
RON/GBP	5.7822	5.8800
RON/CHF	5.0769	5.1718

***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.

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***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

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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.

As of 07.06.2024 the Company will no longer grant the benefits listed above to employees.

**Post employment benefits –plan for retired pay:**

*The Company* does not contribute to any other pension plans beyond its existing legal responsibilities, does not offer post-retirement benefits and as such has no future obligations of this nature 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 registered up to December 31, 2023 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.

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***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.

***l) 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.

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**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

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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 03.04.2024 by address no. 38499 SPEEH Hidroelectrica SA announced the initiation of the procurement procedure "Negotiation without prior invitation to a competitive bidding procedure", in order to award the sectoral procurement contract for the "Rehabilitation of the Stejaru Hydropower Plant, Components and spare parts for the 29.92 MVA generators HA1 and HA2".

UCM Reșița SA, based on the contract for the refurbishment of the Stejaru HPP, which it had with Romelectro SA - in insolvency, produced the spare 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 available for direct use by the final beneficiary, Hidroelectrica SA.

In the response dated 15.04.2024, UCM Reșița S.A informs Hidroelectrica about its inability to participate in this tender under the conditions stipulated in the specifications, given the factual situation in which the Company finds itself after the business transfer to UCMH, lacking the necessary licenses, authorizations, and personnel involved in manufacturing the specified benchmarks.

The Creditors' Committee was called together to authorize the finalization of the Evaluation Report for capitalizing the hydrogenerator components of Stejaru HPP - small hydrogenerator HG 1 and HG 2 that are still in the Company's possession.

On 31.05.2024, the Creditors' Committee gathered and gave their approval for the completion of the evaluation report, which was prepared by the ANEVAR DARIAN DRS SA. authorized appraiser. They endorsed the offer for the precise evaluation of the

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hydrogenerator components associated with Stejaru Power Plant - small hydrogenerator HG 1 and HG 2.

The Company continued its cooperation with UCMH based on the Sale and Purchase Agreement no. 210/11.03.2024 in order to ensure the independence of each entity's functionality. This includes ensuring utilities, acquiring necessary authorizations and licenses, and relocating assets between the two entities.

Declarations were submitted in June to the National Trade Register Office regarding the ongoing activities at the secondary offices in Reșița after the main activity was transferred, and the Certificate of Ascertainment was updated.

After the Contract of Sale and Purchase of the business between UCM Reșița and Uzina de Construcții Mașini Hidroenergetice SRL was signed and authenticated on 11.03.2024, the Judicial Administrator prepared a Report on the fulfillment of duties related to the distribution of the price resulting from the business transfer no. 394/08.05.2024, which was filed and published in BPI no. 8714/10.05.2024.

The assets of UCM Reșița S.A.'s core-business were sold for less than the amount in the Payment Schedule of the Reorganization Plan, leading to a pro rata distribution among the creditors of the Authority for the Administration of State Assets and Serraghis Loan Management LTD. These creditors fall under the category of secured claims with priority for distribution, as stipulated in Art. 121 para. (1), point 2 of Law No 85/2006.

Challenges were raised against the Report on the price distribution in the reorganization proceedings of U.C.M. Reșița SA. which was published in the Insolvency Proceedings Bulletin no. 8714 on 10 May 2024. The appeals were filed by the creditors National Agency for Tax Administration under associated file no. 15398/3/2024 and by Reșița Municipality UAT/ATU under associated file no. 16447/3/2024, currently pending before the Bucharest Court - Civil Section VII with a deadline of 18.06.2024.

At the trial term, case no. 15398/3/2024 was dismissed, while case no. 16447/3/2024 was remanded for retrial, with a new date set for 17.09.2024.

#### **4. Further events**

On 01.07.2024, the Company received offer no. 58178 from Reșița Municipality UAT/ATU regarding the acquisition of movable and immovable property in Reșița, belonging to UCM Reșița SA patrimony. This offer complements the previous offer from Reșița UAT no. 28325/28.03.2024, in accordance with the proposal of the secured creditor Serraghis Loan Management.

The objectives targeted by this offer are:

- land measuring 2,179 m<sup>2</sup>, related to CF/LR 33707 and CF/LR 48686, including the "Cadre" building and its movable assets
- land of 336 m<sup>2</sup>, related to CF/LR 30616, including the "Muzeu" building and its movable assets (including models)



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- land with a total surface area of 63,986 m<sup>2</sup>, corresponding to CF/LR 48645 and CF/LR 48682, with all the buildings located on them, including the bunker, the "Vila de oaspeți", shed, the "Vila Roșie" and the movable property therein.

On 11.07.2024, UZIMET INDUSTRY S.R.L. submitted offer no. 2507/11.07.2024 for acquiring all assets associated with Electric Engines Section 2 - Călnicel Platform, along with the documentation in the existing form and structure, at a price of 14,804,611 lei excluding VAT.

On 08.07.2024, the Company was delivered the Appraisal Report No. DRS 1242 issued by the appraiser **Darian DRS** for the hydro generator components related to Stejaru Power Plant - small hydro generator HG 1 and HG 2, in accordance with the approval granted by the Creditors' Committee on 31.05/2024.

Based on the offers made by Reșița UAT /ATU and SC UZIMET INDUSTRY S.R.L, on 29.07.2024, the Judicial Administrator proceeded to draw up the Sale Regulations for the assets subject to these offers and submitted them for approval to the Creditors' Meeting which will be held on 20.08.2024.

On the agenda of this meeting was also included the sale of the Screw Factory from Anina, a building listed as a historical monument under LMI code: CS-II-m-A-10969.02, dating back to 1872.

The Evaluation Report's completion on the punctual evaluation of the hydro-generator components of the Stejaru Power Plant - small hydro-generator HG 1 and HG 2, includes presenting offers for services such as taking over, organization, and storage of the company's archive. Additionally, it involves the hiring of a conventional representative in file no. 1291/62/2023, which is pending before the Court of Brasov, Civil Section I. The Company is the plaintiff in this case, with the subject of the file being "action in tort civil liability." Moreover, the agenda of the Creditors' Committee, convened by the Judicial Administrator for 08.08.2024, includes the approval of the topographic work to update the extract of the land register for the Anina Screw Factory.

**Judicial Administrator:**

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

HR and Economic Director  
Nicoleta Liliana IONETE

