



**ȘANTIERUL NAVAL ORȘOVA S.A.**  
Nr. RC J25/150/1991 CIF: RO 1614734  
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## REPORT ON THE PROJECT OF THE INCOMES AND EXPENSES BUDGET FOR 2021

**Dear Shareholders,**

The foundation of the revenue and expenditure budget for the year 2021 considered the following:

- for the main headquarters from Orșova the revenues are related to a number of 7 vessels, 6 based on firm contracts and a contract being signed. From those 7 contracts, 6 contracts concern ships that will be finalized and delivered in 2021, one contract is about second coaster vessel which one was the object of litigation with VEKA SHIPBUILDING and whom, in according agreement concluded to stop litigation, should be cashed-up and delivered at the beginning of the year 2021. Management team of company has in analysis in this moment and other contracts whom, after they will be approved and signed, will contribute to the proper preparation of the production for the year 2021.

- at the Agigea branch, considered incomes realization from partial renting of those 5 hydroclapes barges being in patrimonial at the end of the year 2020, in this way being submitted offers to internal and external companies, but also other incomes from vessels repairs at a superior level than 2020.

We appreciate that the shipbuilding market is still at a low level, the demand being lower than in the past year, due to the COVID -19 pandemic at world level, which influenced in big measure also the contracting prices. In according with analysts estimations, world commerce on goods transporting area decreases with 45% against 2019 and number of new orders in shipbuilding market lowered with 65 %.

At the same time, they are researches to find new partners for barges renting, on internal and external market, existing information in regards of restarting of stopped activities in epidemiological context generated by pandemic crisis.

To base the figures proposed for the year 2021, a course of 4.88 lei / euro was used.

The operating revenues (related to deliveries) projected to be realized, in the amount of 72.190.000 lei, correspond to an equivalent in Euro of 14.793.033 euros, of which shipbuilding: 13.625.000 euros (92.1%).

The expenses related to the estimated operating activity to be realized through the BIE are 68.890.000 lei, which means achieving a gross profit of 3.300.000 lei, most of him would be realized from the construction and repair of ships, at the main headquarters in Orșova.

From the financial activity the company the financial revenues being projected at an amount of 600,000 lei, both on account of the interests related to the availabilities in lei and from exchange rate differences, and financial expenses in the amount of 400,000 lei - from exchange rate differences.

The structure of the vessels contracted to be built and delivered in 2021, at the main headquarters in Orșova, totals 4.180 tonnes and is presented as follows:

- 4 pieces of 110 ml long tanker vessels type MoneyMaker

- 2 pieces of tanker vessel 110 ml

The external beneficiaries of these vessels are those traditional ones, especially companies from the Netherlands, the share still held by Rensen - Driessen Shipbuilding B.V. with 5 firm contracts concluded at this moment representing approx. 68.8% from total income revenues.

The principle of continuity of activity in the period 2021-2022 was taken into account when the BIE was founded, in actual context of pandemic.

In 2021 the company intends to promote policy regarding the recruitment of personnel, but also to organize professional training courses, mainly due to the fact of needed to create a reserve of skilled professionals, having in mind growing of employees that follows to retire in next period. Actual number of employee assures production need for 2021.

Personnel expenses was budgeted at a level almost same as those in 2020. In financial exercise 2021 company did not proposed to do salaries growths.

The operating income and expenses were calculated according to the provisions of OMFP no.2844 / 2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards. According to these provisions (point 182 paragraph (2) our company has chosen to present the analysis of the expenses by destination, respectively: "... the entities that, according to IAS 1, have chosen to present the analysis of the expenses using a classification based on their nature. , presents neither the value of these expenses nor the value of the corresponding revenues, reflected in the accounts 711 «Income related to the costs of product stocks», »721" Income from the production of intangible assets ", 722" Income from the production of intangible assets "and 725" Income from real estate investment production ".Considering these provisions, in terms of shipbuilding activity, the level of revenues and expenses from the operating activity, although it is constant throughout the year, these revenues / expenses are allocated quarterly depending on the ship delivery date / transfer date. of the property right to the client.

Following our analyzes and estimates, these figures are achievable.

Given the significant volume of intra-Community deliveries in total turnover, the evolution of the exchange rate is very important for achieving the proposed objectives. From this point of view, the company will analyze the opportunity to conclude in 2021 some hedging operations, to protect the exchange rate (at the end of 2020, two such contracts are in progress).

The expenses for investments included in the BIE project for the year 2021, amount to about 923,000 Euro, respectively 4,504,240 lei, most important investment objectives being auto crane of 50 to, hydraulic cylinders for slipway and plasma cutting machines. Their financing will be provided exclusively from their own sources.

General Manager  
Eng. Mircea Sperdea

`Economical Manager  
Ec. Marilena Visescu