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- varsat 28.557.297,5 lei
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REPORT ON THE DRAFT BUDGET OF REVENUE AND EXPENDITURE FOR 2022

Dear Shareholders,

The substantiation of the revenue and expenditure budget for 2022 took into account the followings:

- for the main office in Orșova, the revenues are related to a number of 6 ships based on firm contracts. The company has concluded at this time 3 more contracts which, together with other contracts under analysis, approval and signing, will contribute to the proper preparation of production for 2023;
- at the Agiea branch, the realization of revenues from the ship repair activity at a higher level than 2021 and the rental of unused spaces were taken into account; from the renting of the 5 salandas in patrimony, at the end of 2021, considering the market forecast, the realization of revenues was not budgeted, but the company continues forward to resume the activity on this segment, in this sense being submitted offers to both companies internal and external;

We appreciate that the demand on the shipbuilding market is still low, which has greatly influenced the level of contracting prices. According to analysts estimations, world trade in the freight segment has decreased by about 30% compared to 2020, and the number of new orders on the shipbuilding market has decreased by about 80%.

Also, market research are done to find new partners for renting salads, on the internal market but also on the external one.

A price of 4.95 lei / euro was used to substantiate the figures proposed for 2022.

The operating incomes (related to deliveries) projected to be realized, amounting to 72,450,500 lei, corresponds to an equivalent in Euro of 14,636,465 euros, of which shipbuilding: 13,150,000 euros (89.84%).

The expenses related to the operating activity estimated to be achieved through BVC are of 69,700,500 lei, which means the projection of a gross profit of 2,750,000 lei, mainly from the activity of construction and repair of ships, at the main headquarters in Orșova.

From the financial activity the company designed the realization of financial incomes in the total amount of 650,000, both on account of the interests afferent to the availabilities in lei and from exchange rate differences, and financial expenses in the amount of 400,000 lei - from exchange rate differences, which will determine making a profit from this activity of 250,000 lei.

The structure of the ships contracted to be built and delivered in 2022, at the main headquarters in Orșova, totals 4,160 tons and is as follows:

- 4 gas tankers 110 m length
- 1 Money Maker tanker 110 m length

- 1 passenger 135 m length

The external beneficiaries of these ships are the traditional ones, especially Dutch companies, the biggest portion still held by Rensen - Driessen Shipbuilding B.V. with 4 firm contracts concluded at this date, representing 68.82% of the total estimated revenues.

At the substantiation of the BVC, the principle of continuity of activity in the period 2022-2023 was taken into account, in the current economic, socio-political and pandemic context.

In 2022, the company intends to continue its policy regarding the recruitment of qualified personnel but also the organization of on-the-job training courses, especially in order to create the supply of staff due to the increase in the number of employees to retire in the next period.

The current number of staff (355), together with the traditional subcontractors, ensures the realization of the production program of 2022.

Staff costs were budgeted at a level close to that of 2021. In the financial year 2022, the company did not intend to make salary increases that would have a substantial impact on the result of the activity, but will try to compensate the effect of inflation by appropriate indexation. of remuneration. At the same time, it will pay more attention to the increase of labor productivity and the stimulation of employees for the contribution made to the achievement of the proposed objectives.

Operating revenues and expenses were calculated according to the provisions of OMFP no. 2,844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards. In accordance with these provisions, point 182 paragraph (2) our company has chosen to present the analysis of expenses by destination, respectively: "... entities that, according to IAS 1, have chosen to present the analysis of expenses using a classification based on their nature , shows neither the value of these expenses nor the value of the corresponding income, reflected in accounts 711 "Revenues from the costs of inventories of products", "721" Revenues from the production of intangible assets ", 722" Revenues from the production of tangible assets "and 725" Revenues from real estate investment production ".

In view of these provisions, regarding the shipbuilding activity, the level of revenues and expenses from the operating activity, although it is relatively linear / constant throughout the year, these revenues / expenses are allocated quarterly according to the delivery date of the ships. / date of transfer of ownership to the client. Thus, due to the production program approved for this year, in the first quarter of the year no ship delivery is scheduled, which determines that on 31.03.2022 the company will record a loss.

As a result of our analysis 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 the achievement of the proposed objectives. From this point of view, the company will analyze the opportunity to conclude in 2022 hedging operations to protect the exchange rate, this time the company having concluded only one such transaction.

The amounts for investments included in the BVC project for the year 2022, amounting to 1,500,000 Euro, respectively 7,425,000 lei, the most important investment objective being a bending machine with numerical control for profiles, gas exhaust systems, welding technic .

Their financing is to be provided exclusively from their own sources.

General Manager
Eng. Mircea Ion Sperdea

Economical Manager
Ec. Marilena Visescu