Reference	**STATEMENT OF FINANCIAL POSITION**				
IAS 1.10(a), 113	**As at 31 December**	*Note*	**2021**	**2020**	**Adjustment 2020+(-)**
			RON	**RON**	**RON**
	Assets				
	Fixed assets				
IAS 1.54(a)	Tangible assets	*15*	40,533,245	37,417,314	
	Freehold land and land improvements	*15*	1,201,941	1,201,941	
	Buildings	*15*	20,060,165	16,999,328	
	Plant and machinery, motor vehicles	*15*	15,641,959	16,373,915	
	Fixtures and fittings […]	*15*	64,602	53,638	
	Tangible assets in progress	*15*	3,564,578	2,788,492	
IAS 1.54(c)	Intangible assets	*16*	20,138	6,192	
	Other intangible assets	*16*	20,138	6,192	
IFRS 16, IAS 8	Rights-of-use for leased assets	*17*	1,559,962	0	1,950,983
IAS 1.54(h)	Trade receivables and other receivables		541,401	417,495	
IAS 1.54(b)	Investment property	*19*	522,236	508,019	
IAS 1.54(o), 56	Deferred tax assets		80,129	79,048	
IAS 1.60	**Total fixed assets**		**43,257,111**	**38,428,068**	**1,950,983**
IAS 1.54 (g)	Inventories	*20*	22,400,725	34,611,321	
IAS 1.54(h)	Trade receivables and other receivables	*22*	20,330,881	1,185,231	
IAS 1.55	Deferred expenses	*22*	165,412	130,348	
IAS 1.54(d)	Short term investments	*23*	3,087,107	3,857,609	
IAS 1.54(i)	Cash and cash equivalents	*24*	14,365,368	30,825,273	
IFRS 5.38-40	Non-current assets held for sale		0	18,637	
IAS 1.60	**Total Current Assets**		**60,349,493**	**70,628,419**	
	Total Assets		**103,606,604**	**109,056,487**	**1,950,983**
	Equity				
IAS 1.54(r), 78(e)	Share capital	*25*	28,557,298	28,557,298	
IAS 1.55, 78(e)	Share premium	*25*	8,862,843	8,862,843	
IAS 1.54(r), 78(e)	Reserves	*25*	54,896,946	51,777,818	
	Result for the period	*25*	(153,870)	4,653,501	(18,127)
IAS 1.55, 78(e)	Retained earnings	*25*	941,454	7,743,844	(5,849)

Reference	STATEMENT OF FINANCIAL POSITION (continued)				
	As at 31 December	Note	**2021**	**2020**	**Adjustment 2020+(-)**
			RON	**RON**	**RON**
	Profit appropriation	*25*	0	(191,823)	
	Other elements of equity	*25*	(4,338,244)	(4,028,932)	
	Total equity		**88,766,427**	**97,374,549**	**(23,976)**
	Liabilities				
	Long-term liabilities				
IAS 1.54(o), 56	Deferred tax liabilities		4,352,333	4,037,136	
IFRS 16, IAS 8	Other debts, including lease liability	*28*	1,047,860		1,449,720
IAS 1.60	**Total long-term liabilities**		**5,400,193**	**4,037,136**	**1,449,720**
	Current liabilities				
IAS 1.54(k)	Trade payables and other debts, including derivatives	*31*	8,404,168	6,619,329	525,239
	Deferred income		3,801	215	
IAS 1.54(l)	Provisions	*30*	1,032,015	1,025,258	
IAS 1.60	**Total current liabilities**		**9,439,984**	**7,644,802**	**525,239**
	Total Liabilities		**14,840,177**	**11,681,938**	**525,239**
	Total Equity and Liabilities		**103,606,604**	**109,056,487**	**1,950,983**

The separate financial statements were approved by the Board of Directors on March 7, 2022 and were signed by:

Administrator,
Ec. Radu-Claudiu Rosca

Prepared by,
Ec. Marilena Vișescu

Reference	**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**				
IAS 1.10(b), 81(a)	**For the financial year ended at 31 December**	**Note**	**2021**	**2020**	**Adjustment 2020 +(-)**
			RON	**RON**	**RON**
	Continuing operations				
IAS 1. 82(a) *IAS 1.99,103*	Income	*5*	73,328,989	69,934,196	
	Other income	*6*	1,340,954	3,048,754	
	Total Operational Income		**74,669,943**	**72.982.950**	
	Expenses related to inventories	*7*	(27,468,440)	(24,591,973)	
	Utility expenses	*8*	(1,738,305)	(1,478,986)	
	Employee benefits expenses	*9*	(29,665,566)	(29,137,247)	
	Depreciation and amortization expenses	*15,16*	(4,102,416)	(3,894,411)	
	Depreciation expenses related to rights-of-use for leased assets	*17*	(533,595)	0	(520,262)
	Gains/losses on disposal of property		(1,691)	(173,704)	
	Increase/(Decrease) of receivables allowances and inventory write-down	*10*	2,479,113	4,076,694	
	Increase/(Decrease) of provision expenses	*27*	(6,757)	(394,023)	
IAS 1.99, 103	Other expenses	*11*	(13,622,571)	(12,792,427)	547,091
	Total Operational expenses		**(74,660,228)**	**(68,386,077)**	**26,829**
	The result of operational activities		**9,715**	**4,596,873**	
	Financial income	*12*	863,841	677,223	
IAS 1.82(b)	Financial expenses	*12*	(362,717)	(228,680)	(44,956)
	Net financial result	***12***	**501,124**	**448,543**	**(44,956)**
IAS 1.85	**Result before taxation**		**510,839**	**5,045,416**	**(18,127)**
	Current income tax expenses	*13a*	(646,234)	(357,813)	
	Deferred income tax expenses	*13a*	(740,130)	(365,108)	
	Deferred income tax income		735,326	344,677	
	Specific activities tax expenses	*13b*	(13,671)	(13,671)	
IAS 1.85	**Result for continuing operations**		**(153,870)**	**4,653,501**	**(18,127)**
IAS 1.82(f)	**Result for the period**		**(153,870)**	**4,653,501**	**(18,127)**

Reference **(continued)**	**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**				
		Note	**2021**	**2020**	**Adjustment 2020 +/(-)**
IAS 1.10(b), 81(a)	**For the financial year ended at 31 December**		**RON**	**RON**	**RON**
	Other comprehensive income				
IAS 1.82(g)	Reevaluation of tangible assets		3,033,564	(870,726)	
IAS 1.85	Other comprehensive income after taxation		**3,033,564**	**(870,726)**	
IAS 1.82 (i)	**Total comprehensive income for the period**		**2,879,694**	**3,782,775**	**(18,127)**
	Attributable profit				
IAS 1.83(b)(ii)	Shareholders	*26*	(153,870)	4,653,501	(18,127)
	Profit for the period		**(153,870)**	**4,653,501**	**(18,127)**
	Total attributable comprehensive income				
IAS 1.83(b)(ii)	Shareholders		2,879,694	3,782,775	(18,127)
	Earnings per share				
IAS 33.66	Basic earnings per share		(0.01)	0.41	(0.0015)
IAS 33.66	Diluted earnings per share		(0.01)	0.41	(0.0015)
	Continuing operations				
IAS 33.66	Basic earnings per share		(0.01)	0.41	(0.0015)
IAS 33.66	Diluted earnings per share		(0.01)	0.41	(0.0015)

The separate financial statements were approved by the Board of Directors on March, 7, 2022 and were signed by:

Administrator,
Ec. Radu-Claudiu Roșca

Prepared by,
Ec. Marilena Vișescu

Reference **STATEMENT OF CHANGES IN EQUITY**

Reference		Share capital	Share premium account	Revaluation reserve	Other reserves	Retained earnings	Result for the period	Other elements of equity	Profit appropriation	Total equity
IAS 1.108,109		**Attributable to equity holders**								
	Balance at December 31, 2019	**28,557,298**	**8,862,843**	**28,083,462**	**24,108,475**	**7,431,918**	**3,205,050**	**(4,290,219)**	**(198.765)**	**95,760,062**
IAS 1.106(d)(i)	Loss/ Net profit for the year	-	-	-	-	3,205,050	1,448,451	-	-	4,653,501
	Profit appropriation	-	-	-	-	-	-	-	(191,823)	(191,823)
	Transfer in reserve	-	-	(350,964)	456,608	(151,624)	-	261,287	198,287	414,072
	Revaluation reserve	-	-	(519,763)	-	-	-	-	-	(519,763)
IAS 1.106	Dividends	-	-	-	-	(2,741,500)	-	-	-	(2,741,500)
	Balance at December 31, 2020	**28,557,298**	**8,862,843**	**27,212,735**	**24,565,083**	**7,743,844**	**4,653,501**	**(4,028,932)**	**(191,823)**	**97,374,549**
	Profit/Loss adjustment for 2019					(5,849)				(5,849)
	Profit/Loss adjustment for 2020						(18,127)			(18,127)
	Balance at December 31, 2020- restated	**28,557,298**	**8,862,843**	**27,212,735**	**24,565,083**	**7,737,995**	**4,635,374**	**(4,028,932)**	**(191,823)**	**97,350,573**
IAS 1.106(d)(i)	Loss/ Net profit for the year					4,635,374	(4,789,244)			(153,870)
	Profit appropriation									
	Transfer in reserve			(268,389)	85,563	(8,996)	-	(309,312)	191,823	(309,311)
	Revaluation reserve			3,301,954	-	-	-	-	-	3,301,954
IAS 1.106	Dividends					(11,422,919)	-	-	-	(11,422,919)
	Balance at December 31, 2021	**28,557,298**	**8,862,843**	**30,246,300**	**24,650,646**	**941,454**	**(153,870)**	**(4,338,244)**	**-**	**88,766,427**

Administrator,
Ec. Radu-Claudiu Rosca

Prepared by,
Ec. Marilena Vișescu

Reference **STATEMENT OF CASH FLOWS**

Reference	For the financial year ended at 31 December	Note	2021	2020	Adjustment 2020 +(-)
IAS 1.10(d), 113			RON	RON	
	Cash flows from operating activities				
	Profit for the period		(153,870)	4,653,501	(18,127)
	Adjustments for:				
	Amortization of intangible and tangible assets	*15,16,17*	4,755,219	3,493,743	520,262
	Depreciation of fixed assets		85,315	40,995	
	Losses from various receivables and debtors	*10*	3,425	(1,184)	
	Expenses from revaluation of tangible assets			0	
	Net expenses/(net income) with provisions		6,757	394,023	
	Impairment of current assets	*10,20*	(2.485,538)	(4,075,510)	
	Loss from the sale of tangible assets		1,691	173,704	
	Profit from fixed assets held for sale	*6,21*	152,602	0	
	Current income tax expenses	*13a*	646,234	357,813	
	Specific activities tax expenses	*13b*	13,671	13,671	
	Deferred income tax expenses	*13a*	740,130	365,108	
	Deferred tax income		(735,326)	(344,677)	
	Cash - flows from operating activities before changes in working capital		**3,030,310**	**5,071,187**	**502,135**
	Changes in working capital				
	Changes related to inventories		14,509,467	14,498,811	
	Changes related to trade receivables and other receivables		(18,942,002)	839,837	
	Changes in accrued expenses		(35,064)	(63,229)	
	Changes in trade payables and other liabilities		170,991	(141,895)	
	Cash generated / (used) from / (in) operating activities		**(1,266,298)**	**20,204,711**	**547,091**
	Interest paid (leasing)	*12,17*	(35,702)	0	(44,956)
IAS 7.35	Income tax paid		(659,905)	(674,117)	
IAS 7.10	**Net cash from operating activities**		**(1,961,905)**	**19,530,594**	**502,135**
	Cash flows from investing activities				
IAS 7.31	Interest received		22,807	87,658	
IAS 7.16(a)	Purchases of tangible and intangible assets	*15,16*	(3,583,458)	(2,880,715)	
	Short term investments		770,502	2,819,851	
IAS 7.10	**Net cash used in investing activities**		**(2,790,149)**	**26,794**	

Reference	**STATEMENT OF CASH FLOWS (continued)**				
IAS 1.10(d), 113	**For the financial year ended at 31 December**	**Note**	**2021**	**2020**	**Adjustment 2020**
	Cash flows from financing activities				
IAS 7.31	Proceeds from loans / (loans refunds)			0	
	Paid dividends		(11,182,612)	(2,671,497)	
	Increase (reimbursement) in loans (leasing)	*28*	(525,239)	0	(502,135)
IAS 7.10	**Net cash from (used in) financing activities**		**(11,707,851)**	**(2,671,497)**	**(502,135)**
	Increase/(Decrease) Net cash and cash equivalents decreases		**(16,459,905)**	**16,885,891**	**0**
	Cash and cash equivalents at 1 January		30,825,273	13,939,382	0
	Cash and cash equivalents at 31 December		**14,365,368**	**30,825,273**	**0**

The separate financial statements were approved by the Board of Directors on March 7, 2022 and were signed by:

Administrator:
Ec. Radu-Claudiu Roșca

Prepared by:
Ec. Marilena Vișescu

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Disclaimer: This is a free translation of the original Romanian financial statements of Şantierul Naval Orşova SA. In the event of any discrepancy between this translation and the original document, the original Romanian financial statements of Şantierul Naval Orşova SA shall prevail.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.10(e) **1. Reporting company**

IAS 1.138 (a),(b) **Şantierul Naval Orşova S.A**. is a company headquartered in Romania. The registered office address of the Company is: Tufari Street, no.4, Orşova, Mehedinți county.

IAS 1.51(a)-(c) The separate financial statements in accordance with IFRS have been prepared for the year ended 31 December 2021. The Company's main activity is: **construction of ships and floating structures (NACE code: 3011).**

IAS 1.112(a) **2. Basis of preparation**

a. Statement of compliance

IAS 1.16 The company has prepared the annual financial statements for the year ended 31 December 2021 in accordance with International Financial Reporting Standards as adopted by European Union, applicable to companies whose securities are admitted to trading on a regulated market, according to the Order of the Minister of Finance no. 881/2012 regarding the application of International Financial Reporting Standards by companies whose securities are admitted to trading on a regulated market and the Order of the Minister of Finance no. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, including subsequent amendments and additions.

IAS.10.17 The financial statements have been authorized for issue by the Board of Directors on March 7th, 2022.

The financial statements have been prepared using the historical cost basis except the following significant items from the statement of financial position, for which the Company has used the fair value model:

IAS 1.117(a) Investment properties

- Buildings
- Naval means of transport.

a. Functional currency and presentation currency

IAS1.51(d),(e) These financial statements are presented in RON, which is also the functional currency of the Company. All financial information presented in RON, rounded to 0 decimal places. All financial information presented in RON, without decimals rounded (rounding the RON fractions over 50 money, including the neglect of money fractions to 50). Where amounts are presented in other currency than RON, it will be specified accordingly.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) **2. Basis of preparation (continued)**

b. Professional judgements and key assumptions

The preparation of financial statements in accordance with IFRS requires the use of management's professional judgment, estimates and assumptions which affects the application of accounting policies and the reported value of assets, liabilities, income and expenses. Actual results may differ from estimated values.
The estimates and assumptions are reviewed regularly. Revisions of estimates are recognized in the period in which the estimate was revised and in future periods affected by the change.

IAS 1.122,125,129,130 Information regarding professional judgments that are critical in applying accounting policies which can significantly affect the values presented in the financial statements are included in the following notes:

- Note 18 –Investment property classification;
- Note 24 – Loans.

c. New International Financial Standards not applied by the Company

The entity does not apply some IFRS or new stipulations regarding IFRS issued, but not in effect at the date of the financial statements. The company cannot estimate the impact of applying these stipulations and intends to apply them when they come into force. Among the issued, but not adopted standards, the company will not face the situation to prospectively apply neither of them. These are:

- IFRS 17 "Insurance Contracts", issued on 18 May 2017, with effect from 1 January 2023.
- Amendments to IAS 1 "Presentation of financial statements" Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current with effect from 1 January 2023.
- Amendments to IAS 1 "Presentation of financial statements" with effect from 1 January 2023
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and correction of errors" with effect from 1 January 2023.
- Amendments to IAS 12 "Income tax" with effect from 1 January 2023
- Amendments to IFRS 17 "Insurance contracts" with effect from 1 January 2023

Reference	**NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) **2. Basis of preparation (continued)**

d. Presentation of financial statements

IAS 8.28(f) The Company applies IAS 1 *Presentation of Financial Statements* (2007) revised, which has been enforced on 1 January 2009. As a result, the Company presents in the Statement of Changes in Equity all changes related to shareholders' equity, while changes in equity unrelated to shareholders are presented in the Statement of Comprehensive Income.

Comparative information has been presented so that they are in accordance with 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 basis for the financial statements presentation to ensure comparability both with the entity's financial statements for previous periods and with the financial statements of other entities.

The Company has adopted a presentation based on liquidity in the Statement of Financial Position and a presentation of income and expenses according to their nature in the Statement of Comprehensive Income, considering that these methods of presentation provide more relevant information than other methods that have been permitted by IAS 1.

IAS 1.57 The aggregation method is optional depending on the manner in which the Company's management considers relevant information for the presentation of the financial position, respectively financial performance.

Separate financial statements are prepared using the historical cost principle, except for buildings, means of shipping and property investments reclassified in accordance with IAS 40 which are presented at their fair value.

For assets and liabilities that were presented at their fair value the company has applied IFRS 13.

Expenses representing inventories consumption, depreciation of fixed assets, interest expenses, employee expenses etc. and which according to the IFRS stipulations, are included in some assets value, are recognized during the period depending on their nature. Complementarily, the accounting records related to assets in progress, on recognize of the related income accounts.
In preparation of the annual accounting reports, as well as those submitted during the year to the territorial units of the Ministry of Public Finance, which are prepared in accordance with the format established by the Ministry of Public Finance, the Company which, according to IAS 1, has chosen to present the analysis of expenses using a classification based on their nature, does not present either the value of these expenses or the value of the corresponding revenues as it is stipulation by OMFP 2844 of December 12, 2016 for approving the Accounting Regulations compliant with International Financial Reporting Standards (paragraph 182).

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) **2. Basis of preparation (continued)**

e. Standards and interpretations available in the current period

The following standards, issued by the International Accounting Standards Board (IASB) and adopted by the European Union, are available in the current period:

IAS 1	Presentation of financial statements	Fundamental Accounting Principles, structure and content of financial statements, mandatory posts and the concept of true and fair view, completed with amendments applicable from 1 January 2013.
IAS 2	Inventories	Defining of the accounting process applicable to inventories in the historical cost system: evaluation (first in - first out, weighted average cost and net realisable value) and the perimeter of allowed costs.
IAS 7	Statement of Cash Flows	Analysis of cash variations, classified into three categories: cash-flows from operating activities, cash-flows from investing activities, cash-flows from financing activities.
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors	Defining the classification, the information that need to be disclosed and the accounting treatment of certain items in the income statement.
IAS 10	Events after the reporting period	Requirements for when events after the reporting period should generate an adjustment to the financial statements: definitions, terms and conditions, particular cases (dividends)
IAS 12	Income Taxes	Definition of tax accounting processing on the period result and detailed stipulations on deferred taxes, supplemented by amendments applicable from 1 January 2013.
IAS 16	Property, plant and equipment	Accounting treatments, net book value calculation and relevant principles regarding depreciation for most types of property, plant and equipment.
IAS 19	Employee benefits	Accounting principles regarding employee benefits: short and long term benefits, post-employment benefits, advantages on equity and allowances on termination of employment, with revisions made in 2011, applicable from January 1, 2013.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) **2. Basis of preparation (continued)**

IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Accounting principles for direct or indirect public aid (clear identification, concept of fair value, restraining subsidized connection etc.).
IAS 21	The Effects of changes in Foreign Exchange Rates	Accounting treatments of abroad activities, foreign currency transactions and restating financial statements of a foreign entity.
IAS 23	Borrowing Costs	The definition of borrowing costs and accounting treatments: the notion of qualifying asset, how to capitalize borrowing costs in the amount of qualifying assets.
IAS 24	Related Party Disclosures	Details of related party relationships and transactions (legal and natural persons) who exercises control or significant influence over one of the group's companies or the management.
IAS 26	Accounting and Reporting by Retirement Benefit Plans	Principles and information on the retirement schemes (funds), distinguishing defined contribution schemes and defined-benefit.
IAS 27	Separate Financial Statements	IAS 27 outlines when an entity must consolidate another entity, how to account for a change in ownership, how to prepare separate financial statements, and related disclosures. The financial statements prepared by the company for year ended 31 December, 2014 are separate financial statements, therefore, consolidated financial statements are not applicable in this case. The Transilvanian Financial Investment Company, headquartered in Braşov, Nicolae Iorga Street, No. 2, helds, in present, 49,9998% of the share capital of SC Şantierul Naval Orşova SA, so, they have obligation to prepare the consolidated financial statements.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) **2. Basis of preparation (continued)**

IAS 28	Investments in associated entities	Defining the evaluation and information principles regarding investments in associates, except those held by: a) Venture capital organizations b) Mutual funds, unit trusts and similar entities, including insurance funds with an investment component which are considered to be at their fair value through profit or loss or classified as held for trading and accounted in accordance to IAS 39.
IAS 29	Financial Reporting in Hyperinflationary Economies	The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the current unit of measure at the financial statement preparation date, meaning non-monetary elements should be restated using a general price index from the date of purchase or contribution. IAS 29 provides that an economy is considered to be hyperinflationary if, among other factors, the cumulative index of inflation exceeds 100% over a period of three years.Continuous decrease of inflation and other factors related to the characteristics of the economic environment in Romania indicates that the economy whose functional currency was adopted by the Company, ceased to be hyperinflationary, affecting periods beginning 1 January 2004. Thus, amounts expressed in the measuring unit, current at 31 December 2003 are treated as the basis for the carrying amounts in the financial statements of the Company.
IAS 31	Interests in Joint Ventures	Accounting principles and policies to joint venture operations performed assets or holdings in a joint venture.
IAS 32	Financial instruments: presentation	Rules of presentation (classification of debt equity, expenses or income/equity).
IAS 33	Earnings per Share	Principles of determination and representation of earnings per share.
IAS 36	Impairment of Assets	Key definitions (recoverable amount, fair value less costs of disposal, value in use, cash-generating units), the frequency of impairment tests, accounting for the impairments, and for goodwill impairment.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) **2. Basis of preparation (continued)**

IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Defining provisions and approach of estimating provisions, individual cases examined (including the problem of restructuring).
IAS 38	Intangible Assets	Definition and accounting treatments for intangible assets, recognition and measurement policies on the processing costs for research and development etc.
IAS 39	Financial Instruments: Recognition and Measurement	Recognition and measurement principles regarding financial assets and liabilities, the definition of derivatives, hedge accounting operations, the issue of fair value etc.
IAS 40	Investment Property	Establishing the evaluation method: fair value model or cost model, transfers between different categories of assets etc.
IFRS 1	First-time Adoption of International Financial Reporting Standards	The procedures for financial statements according to IAS / IFRS optional exemptions and mandatory exceptions to retrospective application of IAS / IFRS, supplemented by amendments applicable from 1 January 2013.
IFRS 5	Non-current Assets Held for Sale and Discontinued Operation	Defining an asset held for sale and discontinued operations, and the, evaluation of these elements.
IFRS 7	Financial Information: Disclosures	Financial information related to financial instruments are referring primarily to: (i) information about the significance of financial instruments; and (ii) information about the nature and extent of risks arising from financial instruments, supplemented by amendments applicable from 1 January 2013.
IFRS 9	Financial instruments	The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting of financial instruments. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) **2. Basis of preparation (continued)**

IFRS 10	Consolidated Financial Statements	Establishing principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11	Joint Arrangements	Establishing principles for financial reporting for entities that hold interests in jointly controlled commitments..
IFRS 12	Disclosure of Interests in Other Entities	Requires an entity to disclose information that will enable users of its financial statements to evaluate: the nature and risks associated with interests held in other entities; and the effects of those interests on the financial position, financial performance and its cash flows.
IFRS 13	Fair value measurement	The definition of fair value, establishing, in a single IFRS, a framework for measuring fair value, requiring the presentation of information on fair value.
IFRS 15	Revenue from Contracts with Customers	IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018. On 12 April 2016, clarifying amendments were issued that have the same effective date as the standard itself.
IFRS 16	Leasing contract	Its objective is to standardize the way in which financial and operational leasing contracts are recognized in order to have a better comparability in the financial statements between the entities that use different types of contracts

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a)

3. Significant accounting policies

The accounting policies presented below have been applied consistently in all periods presented in these financial statements by the Company, except for matters described in note 2 (e) of changes in accounting policies.

IAS 1.41 Certain comparative amounts have been reclassified to conform with current year presentation.

a. Foreign currency

(i) Transactions in foreign currency

The Company's foreign currency transactions are registered at exchange rates communicated by the National Bank of Romania ("NBR") for the transaction date. Foreign currency balances are converted in RON at the exchange rates communicated by NBR for the balance sheet date. Gains and losses resulting from the settlement of transactions in a foreign currency and the conversion of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the financial result.

b. Financial instruments

(ii) Share capital

The share capital may be increased or reduced on the basis of decision of the extraordinary General Assembly of shareholders, under the conditions and in accordance with law No. 31/1990, company law, republished. Prior to any capital increase by subscription of new consideration, the company will proceed to update the value of tangible and intangible fixed assets owned. Ordinary shares are classified as equity.

c. Tangible Assets

IAS 16.73 (a) (i) Recognition and evaluation

Tangible assets are initially measured at cost, (those purchased from suppliers) or if the input value received as a contribution in kind to the establishment of share capital or increase of share capital.

For subsequent recognition of plant, naval means of transport and investment properties, the company has opted for the revaluation model (fair value model).

Reference	**NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**
IAS 1.112(a) 117(a)	**3. Significant accounting policies (continued)**

Some of the tangible non-current assets were revalued based on government decisions ("GD") no. 945/1990, no. 26/1992, no. 500/1994, no. 983/1998, no. 403/200 and no. 1553/2003 by indexing the historical cost with indices prescribed in the respective government decisions. Increases of the tangible non-current assets' value resulting from these revaluations were initially credited to revaluation reserves and thereafter, except for the reevaluation made under GD. 1553/2003, in equity, in accordance with the respective government decisions. GD 1553/2003 foresaw the need to adjust the index value by comparing the utility value and market value. At 31 December 2006, the Company proceeded to review the value of buildings and special constructions using the opinion of specialists employed in the Company.

On 31 December 2007, the Company has not proceeded to review the value of fixed assets at the Orşova headquarters, instead Agigea Branch conducted a revaluation of fixed assets from the structures and ships category, before the merger, for the old company: SC Servicii Construcţii Maritime SA Agigea. During the years 2007, 2008 and 2009 were recorded entries in the technological equipment category and other intangible assets category which led to a presentation in the financial statements, of the assets from these categories both at historical cost indexed in accordance with government decisions (" GD "), which have been applied to date, as well as historical cost.

At 31 December 2009 the Company revalued the buildings and special constructions using the opinion of an independent external evaluator.

At 31 December 2010 and 31 December 2011 the Company has not made any revaluations of tangible assets held.

On 31 December 2012, the Company proceeded to the revaluation of naval buildings and vehicles, both at headquarters in the town of Orşova, as well as at Agigea branch using the opinion of an independent external evaluator.

On 31 December 2013, the Company revalued naval vehicles, both at headquarters in the town of Orşova, as well as at Agigea branch using the opinion of an independent external evaluator.

On 31 December 2014, the evaluated naval vehicles, using the opinion of an independent external evaluator.

On 31 December 2015, the Company proceeded to the revaluation of naval buildings and vehicles, both at headquarters in the town of Orşova, as well as at Agigea branch using the opinion of an independent external evaluator.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

On 31 December 2016, the Company proceeded to the revaluation of buildings and naval vehicles amounted to the nature of shipping assets located at Agigea branch using the opinion of an independent external evaluator.

On 31 December 2017, the company proceeded to the revaluation of tangible assets such as naval vehicles amounted to the nature of shipping assets located in the branch Agigea using the opinion of an independent external evaluator.

On December 31, 2018, the Company proceeded to reevaluate tangible assets such as shipbuilding buildings and means of transport both at the head office in Orşova and at Agigea branch using the opinion of an independent external evaluator.

On December 31, 2019, the Company proceeded to reevaluate tangible assets such as shipbuilding buildings and means of transport located in the branch Agigea using the opinion of an independent external evaluator.

On December 31, 2020, the Company proceeded to reevaluate tangible assets such as shipbuilding buildings and means of transport located at the branch Agigea using the opinion of an independent external evaluator.

On December 31, 2021, the Company proceeded to reevaluate tangible assets such as shipbuilding buildings and means of transport located at the branch Agigea using the opinion of an independent external evaluator.

Regarding the accounting treatment of revaluation differences, these were made in accordance with IAS 16 as follows:
If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is impaired as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent that the revaluation surplus shows a credit balance for the asset. Reduction recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

The Company has used the net value model. The amount of the revaluation surplus was credited to revaluation reserve balance for those non-current assets which fair value was higher than the net book value. For the non-current assets which fair value has been less than the carrying amount, firstly the revaluation surplus has been decreased and after that if necessary it has been reflected as an operating expense in the profit and loss statement.

Maintenance and repairs of tangible assets are recorded as an expense when incurred. Significant improvements of tangible non-current assets that increase the value or useful life or significantly increase the capacity to generate economic benefits are capitalized as asset.

Assets that have the nature of inventory objects, including tools are recorded as an expense when purchased and are not included in the account value of the tangible assets.

(ii) Reclassification to investment property

The transfer to or from investment properties shall be made if, and only if, there is a change in use.

(iii) Depreciation of tangible non-current assets

Depreciation is the equivalent to irreversible impairment of an asset, as a result of normal use, natural factors, technical progress or other causes. Fixed assets' depreciation shall be accounted as an expense (recognized in profit or loss).

The company uses straight-line depreciation method for all tangible assets owned, by dividing the book value equally, over its useful life. The depreciation method is applied consistently to all assets of the same type and with identical conditions of use. If tangible assets are placed in conservation, the company did not account the depreciation expense, instead at the end of the period, the company will record a corresponding expense adjustment for the impairment of the asset. The degree of impairment will be determined as much as possible by a certified evaluator.
A significant change in the conditions of use of tangible assets or aging may justify a revision of the useful life. Also, if the tangible non-current assets are placed in conservation (their use is discontinued for a long period), the useful life can be revised.
The residual value and service life shall be reviewed at least at each financial year end.

Depreciation is calculated on the fair value, using the straight-line method over the estimated useful life of the assets as follows:

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) 117(a) **3. Significant accounting policies (continued)**

Asset	**Years**
Constructions	5 - 45
Equipment	3 - 20
Other equipment and furniture	3 - 30

Lands are not a subject of depreciation, as they are deemed to have an indefinite life.
The management continually evaluates the development plan. The effect of lifetime review, based on GD. 2139/2004, was reflected in the depreciation expense in the year 2005 and in future periods in the amount of depreciation expenses without any temporary differences.

(iv) Derecognition

The account value of a fixed asset shall be derecognised:
- when disposed, or
- when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of a fixed asset shall be included in profit or loss when the item is derecognised. Gains shall not be classified as revenue.

d. Intangible Assets

(1) Cost

(i) Software

Costs for the development or maintenance of computer software programs are recognized as an expense when they occur. Costs that are directly associated with identifiable and unique products, controlled by the Company and will probably generate economic benefits exceeding costs for a period longer than one year are recognized as intangible assets. Direct costs include the development team staff costs and an appropriate proportion of overhead expenses.

Expenditure which results in extending the useful life and increasing the benefits of software over the initial specifications are added to the original cost. These costs are capitalized as intangible assets if they are not part of tangible assets.

Reference	**NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

(ii) Other intangible assets

All other intangible assets are recognized at cost.

Intangible assets are not revalued.

(2) Amortization

(i) Software

Software development costs capitalized and they are amortized using the straight-line method over a period between 3 and 5 years.

(ii) Other intangible assets

Patents, trademarks and other intangible assets are amortized using the straight-line method over their useful life. Software licenses are amortized over a period of 3 years.

e. Rights-of-use for leases assets

The company as a lessees
At the beginning of the contract the company assesses whether a contract is or contains a lease clause. The company recognizes a right to use the asset and a lease liability in relation to all leases in which he is a lessee/user, except for short-term contracts (defined as leasing with a lease term of 12 months or less) and rental of low value assets (such as licenses, oxygen tubes, mailbox, etc.). For these leases, the company recognizes the lease payments as operating expenses on a straight-line basis over the term of the lease.

Leasing liability
Leasing liability is initially measured at the present value of lease payments that are not paid on the start date, discounted at the default interest rate in the lease. If this rate cannot be easily identified, the company uses BNR's monetary policy interest rate.

The lease liability is initially measured at the present value of the lease payments that are not paid on the date of commencement of the contract, updated using the interest rate.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) *117(a)* **3. Significant accounting policies (continued)**

Leasing liability is presented as a separate line in the financial statement.
Leasing liabilities are subsequently updated by increasing the carrying amount to reflect the amount of the amount of the revalued lease debt and by reducing the carrying amount to reflect the lease payments made. The company revalues the lease debt (and makes an appropriate adjustment to the right to use the asset) when:

- The lease term has changed, in which case the lease debt is revalued by updating the lease payments.
- The lease is amended and the change in the lease is not accounted for as a separate lease, in which case the lease is revalued on the basis of the terms of the amended lease by updating the revised lease payments using an updated interest rate on the effective date of the change.

Rights-of-use assets

Rights-of-use include the initial valuation of the corresponding lease liability, lease payments made on or before the commencement date, minus the lease incentives received, and any initial direct costs. Subsequent they are measured based on cost minus accumulated amortization and impairment losses. Rights-of-use assets are amortized over the lease term of the underlying asset.

f. Investment property

An investment property is a real property (land or a building - or part of a building - or both) owned rather to earn rentals or for capital appreciation or both, rather than:

(a) used for production or supply of goods or services or for administrative purposes; or
(b) to be sold in the ordinary course of business.

For the evaluation after recognition, the company uses the fair value model, this accounting treatment has been applied to all investment properties.
A gain or loss arising from a change in fair value of investment property shall be recognized as an income or as an expense in the statement of comprehensive income for the period.
In determining the fair value of investment property, the company uses the services of certified values.

g. Inventories

Inventories are assets:

- Held for sale in the ordinary course of business;
- In process for sale in the ordinary course of business;
- Raw materials and consumables.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) 117(a) **3. Significant accounting policies (continued)**

Measurement of inventories
Inventories are required to be stated at the lower value between cost and net realizable value. Inventories should not be reflected in the statement of financial position an amount greater than the amount that can be obtained through their sale or use. In this case, the inventories value should be decreased to the net realizable value by reflecting a write-down.

Cost of inventories

The primary basis for accounting inventories is the cost .
The cost of inventories should comprise all costs of acquisition and processing and other costs incurred in bringing the inventories to the shape and place in which they are currently.

Price differences over the cost of acquisition or production should be disclosed separately in the accounts and are recognized in cost of the asset.
Regarding the method of valuation, the company used, until December 31, 2010, the weighted average cost method, but starting from January 1, 2011, the company is using the first-in - first out method.

The cost of finished goods and work in progress includes materials, labor and indirect production costs associated. Where necessary, adjustments are made for wasted or obsolete inventories. The net realizable value is calculated as the selling price less costs to complete and costs necessary to make the sale

h. Impairment

(i) Financial assets (including receivables)
A financial asset or group of financial assets is impaired if, and only if, there are any objective evidence of impairment arising as a result of one or more events that occurred after the initial recognition of the asset, and these events have an impact on future cash flows of the financial asset or group of financial assets that can be estimated reliably. On each financial year date, the company examines whether there is any objective evidence that the financial asset or a group of financial assets is impaired. The loss is given by the difference between the asset's book value and the present value of future cash flows using the effective interest rate of the financial asset at initial recognition.
If in a subsequent period, an event occurring after the recognition of the impairment will determine an increase of the asset’s value, the impairment will be reversed.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

i. Employee benefits

The Company makes payments to pension funds, health funds, unemployment funds, allowances and vacations for all staff. These expenses are recognized in the statement of comprehensive income for the period covered. At retirement, the company granted, as a stimulant, between one and four salaries to every person who ceases contractual relationship with the company.

The Company does not operate any other pension plan or retirement benefits so it has no other obligations in respect of pensions.

During the year, according to the collective labor agreement, depending on the possibilities of the company, employees can receive awards, financial aid for deaths in the family, serious and incurable illness etc.

j. Provisions

Provisions are recognized when the Entity has a present legal or constructive obligation, arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits and when a reliable estimate can be made of its amount.

(1) Provisions for annual vacations and other similar staff rights.

Company debt regarding annual employee vacations is recognized in proportion to the duration of untaken vacation days by the end of the year. At the balance sheet date, a provision for the estimated obligation is recognized, provision which includes both the actual amount of untaken vacation days and related social contributions. Also, for the retirement of employees who are qualified for this matter, the company established a provision according to the collective agreement stipulations through the valid period.

(2) Provisions for litigation

For those pending lawsuits, in which the company is the defendant and courts have not issued a final and executory judgment, the company made provisions for the amounts estimated. The amounts paid to the company customers, for any damage caused to the ship during transport, and which have failed to be recovered from the insurance company which issued the insurance policy and for whom there is a pending lawsuit, are treated similarly.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) 117(a) **3. Significant accounting policies (continued)**

(3) Provisions for guarantees

For river vessels produced by the Company, it is stipulated in the export contracts that the seller is obliged to guarantee the proper execution, for a period of 6-9 months from date of sale (ownership transfer), depending on the complexity of the ships.
Provisions made for this purpose are based on calculation of the average share of total claims paid customer deliveries during the last period (previous year).

k. Revenue

Revenue refers to goods sold and services rendered.

Sales revenues include sales of ships and services provided (rentals and ship repairs) made in the ordinary course of business (excluding value added tax).

Revenue is recognized upon delivery of goods to the buyer or carrier, delivery against invoice, and for export products, after being charged and all the customs formalities are completed, or delivered to the place specified in the contract (port of destination), with the transfer of risks to the buyer.

Revenue is measured at the fair value of the counter performance received or to receive.

Interest incomes are recognized using the effective interest method in proportion to the relevant period of time, based on the principal and the effective rate until the maturity date or for a shorter period if this period is linked to the transaction costs, when it is established that the company will obtain such income.

IFRS 7.20,24 **l. Financial income and expenses**

Interest income is recognized as the income generates, on an accrual basis using the effective interest method in proportion to the relevant time, based on the principal and the effective rate over the period to maturity or a shorter period if this period is link to transaction costs, when it is established that the company will obtain such income.
Income from financial assets or dividends receivable from entities in which the Company is a shareholder, are recognized in the financial statements of the financial year in which they are approved by the General Meeting of each entity.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

m. Income tax

The Company records current income tax using the taxable income from tax reporting, determined by the relevant Romanian legislation.

Income tax obligation for the reporting period and prior periods is recognized to the extent that is not paid.
If the amounts paid on the current and prior periods exceed the amounts due for those periods, the excess is recognized as recoverable amount.

Recognition of deferred tax assets and liabilities
Deferred income tax is, using the balance sheet method, based on temporary differences arising between the tax bases of assets and their carrying amount. Deferred tax assets are recognized to the extent that there is the possibility of achieving future taxable profit from which the temporary differences can be recovered.

4. Determination of fair value

Certain accounting policies of the Company and disclosure requirements demand the determination of fair value for both financial and non-financial assets and liabilities. Fair values were determined for evaluation and / or disclosure purposes based on the methods described below. Where appropriate, additional information about the assumptions used in determining the fair value are presented in the notes that are specific to the asset or the liability.

In the assessment of tangible and intangible assets, fair value measurement is an option. Fair value assessment is made for categories of assets and is treated as a revaluation. The excess resulting from revaluation directly affects equity, unless previously it was recognized as a revaluation loss. Revaluation losses affect the statement of comprehensive income, unless there is an added value previously accounted directly in equity. There are differences between the two asset structures in terms of how to determine the fair value.

IAS 16 "Property, plant and equipment" asserts that: *"After recognition as an asset, an item of tangible assets whose fair value can be measured reliably shall be carried at a revalued amount, representing its fair value at the revaluation date minus any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ significantly from that which would be determined using fair value at the balance sheet date."* **[9]**

IAS 38 "Intangible Assets" indicates: *"The purpose of revaluations under this standard, fair value shall be determined by reference to an active market".***[10]**

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

4. Determination of fair value (continued)

If IAS 16 “Property, plant and equipment” allows the determination of fair value through other methods if there isn't an active market, IAS 38 “Intangible Assets” narrow the assets that can be revalued, showing that only the assets for which an active market exists, can be revalued.

A special structure of non-current assets is the investment property. IAS 40 “Investment Property” offers two options for their evaluation: cost model or fair value model. As compared to IAS 16“ Property, plant and equipment”, where, if cost model is applicable, entities are only encouraged to disclose the fair value in the notes, IAS 40 “Investment Property” requires the estimation of fair value, for evaluation (fair value model) or to present in the notes (cost model).

For in assets held for continuing use, it can sometimes be difficult to estimate fair value minus costs of disposal. In the absence of a reliable basis for estimating the amount that an entity could obtain, from the sale of these assets in an arm's length transaction between knowledgeable, willing parties, IAS 36 ”Impairment of Assets” indicates that the entity may use the asset's value as its recoverable amount (fair value is equal with the value in use).

As of January 1, 2013 requirements are applicable to the valuation of assets and liabilities at fair value under IFRS 13 “Fair Value Measurement”. IFRS 13 applies to assets and liabilities held by an entity for which, in accordance with other standards, it is required or permitted a fair value measurement or disclosure about fair value is required.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.. The price used to assess the asset or liability at fair value is not adjusted by the amount of transaction costs because they are not a feature of the asset or liability, but a feature of the transaction.

Fair value assessment of an asset or liability considers the characteristics of the asset or liability which that market participants would consider in determining the price of the asset or liability at the measurement date.

Fair value measurement is performed on the assumption that an asset or liability is traded between market participants according to the normal conditions of sale of an asset or the transfer of a liability that characterizes the market at the measurement date. A normal transaction involves access to the market for a period that precedes evaluation enabling typical marketing activities and usual for those trading the respective assets or liabilities.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

5. Revenue

Reference		2021 RON	2020 RON
IFRS 15.113 (a)	Sales of goods	68,802,414	66,052,928
IFRS 15.113 (a)	Rendering of services	4,072,211	3,287,749
IFRS 15.113 (a)	Sales of residual products and goods	396,216	538,432
IAS 40.75 (f) (i)	Incomes from rental of investment properties	58,148	55,087
	Total	**73,328,989**	**69,934,196**

Although the sales of goods registered an increase of 4.16% in 2021 compared to the previous year, and compared to the provisions of the budget, there is an achievement of 103.48%. This achievement is due to the revenues from the sale of ships built at the main headquarters in Orșova. In 2021, the Company managed to complete and hand over to external customers a number of 7 ships, 6 being built and completed this year, and one of them is a coastal ship, the first of 2 built in previous years and which was the subject of a dispute with the Dutch company VEKA. Although the ruling of the Rotterdam Arbitration Court was handed down in June 2019, the first of these ships was delivered in 2020 (see also the current Report published on 02.10.2020). However, we specify that the structure and complexity of the ships built was different from one year to another, which is also reflected in the level of revenues achieved during these periods.Furthermore, although the Company was covered in a production capacity of 2021, the market for river / sea shipbuilding continued to be weak.

Regarding the ship repair activity, the revenues realized in 2021 were in the amount of 3,637,764 RON (3,168,764 RON in 2020), these registering a increase by 14.80% compared to the previous year. The main customer was still NAVROM GALATI for this type of services.These presentations are made by the Company in accordance with IFRS 8.

6. Other income

	2021 RON	2020 RON
Rental income (other than rental of investment property)	1,077,244	1,566,023
Income from compensations and penalties	171,238	1,462,032
Other operating incomes	92,472	20,699
Total	**1,340,954**	**3,048,754**

The amounts presented in the position of rental income refer, in particular, to the amounts from the operation of the ships for rent, at the Agigea branch. In the period 01.01 - 31.12.2021 these incomes are at a lower level than the one achieved in the corresponding period of the previous year (decrease by about 31%).

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

Of the 5 hydro clap ships registered in the branch, only 3 were partially rented, internally, in the last months of this year. During the analyzed period, the Company sold two assets, from the main office, respectively the two sites owned in Gratca area, assets reclassified previous years in the category of fixed assets for sale.

These presentations are made by the Company in accordance with IFRS 8.

7. Expenses related to inventories

	2021	2020
	RON	**RON**
Raw materials	17,703,081	13,138,222
Consumables, including:	9,057,159	10,654,164
Auxiliary materials	*7,870,646*	*9,321,125*
Fuel	*585,984*	*567,197*
Spare parts	*390,362*	*507,651*
Other consumables	*210,167*	*258,191*
Materials in the form of small inventory	493,891	544,985
Materials not stored	185,126	236,258
Goods for resale	29,416	18,618
Trade discounts received	(233)	(274)
Total	**27,468,440**	**24,591,973**

As of 31.12.2021, the significant share in total expenditure on stocks is still held by raw materials (naval table). The 34.74% increase in raw material expenditures in 2021 compared to 2020 is largely due to the structure of shipbuilding sold in 2021, but also the increase in the price of the naval board. In total, there is an increase in inventory costs, by 11.70% compared to the previous year, this increase being correlated with the fact that the revenues from the sale of ships also increased by 4.16%.

Expenses representing consumption of inventories that, according to the stipulations of IFRS, are included in the value of certain assets are recognized during the period depending on their nature. The accounting records the value of current assets in the income statement. We specify that the Company, according to IAS 1, has chosen to present the analysis of expenses using a classification based on their nature, and therefore does not present either the value of these expenses or the value of the corresponding income.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

8. Utility expenses

	2021	2020
	RON	**RON**
Electricity	1,690,606	1,438,978
Water	47,699	40,008
Total	**1,738,305**	**1,478,986**

In the year 2021, the expenses with the utilities have increased compared to the last year (with 17.53%), this in the conditions in which the realized production (the revenues) increased, but also regarding the tariffs of supply it is a slight increase.

We point out that an influencing factor in this increase is also the method of presenting expenses using a classification based on their nature, according to IAS 1.

IAS 1.104

9. Personnel expenses

	2021	2020
	RON	**RON**
Salaries	26,761,992	27,274,774
Social expenses	2,903,574	1,862,473
Total	**29,665,566**	**29,137,247**
Number of employees	**359**	**374**

In 2021, the wage expenses booked a slight increase, with 1.81% compared to the year 2020. This increase is due to the salary increase granted by the company in the last part of 2021. We mention the increase of Company's staff salaries, starting with November 2021 by 4% according to the Decision of the Board of Directors no. 16/10/11/2021. Among other factors that influenced the expenditure on salaries in 2021 we mention the reduction of the number of staff, the increase of turnover in 2021 compared to the previous year, but also the structure of production costs from the perspective of presenting the cost of goods sold according to IAS 1

Regarding the social expenses and the insurance contribution for work, we notice an increase of 55.88% compared to the previous year, this fact being due to the increase of social expenses, respectively medical leave, other social expenses and cash gifts given to employees, but also the fact that the company pays, from the latter part of 2020, CAS for the special working group for a number of occupations.

As with the other categories of expenses, in the case of staff expenses presentation, the presentation method of expenses using a classification based on its nature is a factor influencing this increase.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

10. Receivables allowances and inventories write-down

	2021 RON	2020 RON
Losses due to various debts and debtors	(1,344)	(1,184)
Impairment of current assets	70,307	576,542
Income from current assets Impairment	(2,548,076)	(4,652,052)
Total	**(2,479,113)**	**(4,076,694)**

The above amounts refer to the adjustment of depreciation for inventories and other receivables incurred in the year 2021. During the year 2021 following the capitalization by sale of the second coastal, the adjustments for the depreciation of the production in progress recognized in the previous financial years were canceled.

IAS 1.97 **11. Other expenses**

	2021 RON	2020 RON	Adjustment 2020
Maintenance and repair expenses	467,849	750,723	
Royalties and rental expenses	251,028	892,488	(547,091)
Insurance premiums	169,873	135,584	
Commissions and fees	18,404	49,968	
Protocol, promotion and advertising	36,087	41,108	
Transport of goods and personnel	4,790,068	2,552,405	
Travel	21,385	22,458	
Postage and telecommunications	54,277	47,699	
Bank commissions and similar charges	57,449	61,290	
Other third party services	7,004,399	7,124,120	
Other taxes, duties and similar expenses	382,885	402,942	
Expenses with the environment protection	7,181	5,357	
Expenses related to real estate assets held for sale	18,637	299,521	
Other operating expenses	72,150	166,934	
Compensations, fines and penalties	270,899	239,830	
Total	**13,622,571**	**12,792,427**	**(547,091)**

In 2021, the level of the above expenditures registered significant increases compared to the previous year (6.49%), those with significant weight referring to:

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.97 **11. Other expenses**

- There is a significant decrease in maintenance and repair expenses (by 37.68%). In 2021, the Company paying special attention to the repair of transport and lifting equipment.
- Regarding the rent expenses, we mention that, following the re-analysis of the lease for the land from the Agigea branch, owned by CNAPMC, and the revaluation of the IFRS 16 requirements, this expense has been adjusted accordingly for 2020.
- Expenditures on the transport of goods and persons increased significantly (by 87.66%). These are closely related to the volume of sales revenue, but one factor influencing this increase is the method of presenting expenses using a classification based on their nature. These relate in particular to the transport of river vessels built at the head office on the route: Orșova - Rotterdam, or other points of delivery in the Netherlands or Germany, indicated in commercial contracts. We specify that, in accordance with the contractual provisions, the transfer of the property right is carried out together with the delivery of the ships in these points, during the whole transport period the ships being ensured by the care of the Company, according to the contractual clauses.
- The volume of services provided by third parties is close compared to 2020, the Company using to a lesser extent subcontractors or the outsourcing of naval painting works. With regard to auditors' fees, included in the total amount of this position, it is found that their level is close to that of the previous year. Specifically, they registered the following values in the current year: 69,383 RON, including VAT, fees to statutory auditors (in the financial year 2020 these amounts totaled 68,446 RON, including VAT), and for internal audit services the amounts paid during the financial year 2021 were of 42,281 RON, including VAT (for the financial year 2020 were paid fees of 41,604 RON, including VAT). The company did not contract tax consulting services during the analyzed period.
- As regards the last position on the costs of compensation, fines, they relate mainly to the costs incurred in carrying out the dispute with VEKA, stating that for the claims generated by this dispute there were impairments in previous years, so that no significant influences on profit or loss and other comprehensive income.

In case of these categories of expenses, an influencing factor for these increases / decreases is the method of presenting the expenses using a classification based on their nature.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 1.86 **12. Financial Revenue and Expenses**

Recognized in income statement

Reference		2021	2020	Adjustment 2020 +/(-)
		RON	RON	RON
IFRS 7.20 (b)	Interest income related to deposits	25,232	54,653	
IAS 21.52 (a)	Income from exchange rate differences	838,609	622,570	
	Total financial revenue	**863,841**	**677,223**	
	Value adjustments in respect of financial assets	56,116	0	
IAS 7.20 (b)	Interest expense on leasing contracts	35,702	0	44,956
IAS 21.52 (a)	Exchange rate differences expenses	270,899	228,680	
	Total financial expenses	**362,717**	**228,680**	
	Net financial result	**501,124**	**448,543**	**(44,956)**

Regarding the structure of the financial revenues and expenditures, the following explanations are made:

- the interest income is related to the bank deposits made during the financial year ended, December, 31 2021;
- In 2021, the company did not contract bank loans, did not use credit lines and therefore did not record bank interest charges.
- Expenditures on exchange differences were lower than income from exchange differences, so for the year 2021 the company recorded a profit of 567,710 lei (in 2020: 393,890 lei). In 2021 due to large fluctuations in the RON/EURO parity, the Company did not enter into hedging transaction to protect itself against the depreciation of the exchange, but two transactions concluded in 2020 were completed, the company recording a loss of these transactions in the amount of approximatively 34,000 RON

Reference	**NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**		
	13a. Income tax expenses		
		2021	**2020**
	a) Current income tax expenses	**RON**	**RON**
IAS 12.80 (a)	Current period	646,234	357,813
	b) Deferred income tax expenses		
IAS 12.80 (c)	Initial recognition and reversal of temporary differences	740,130	365,108
	Total income tax expenses	**1,386,364**	**722,921**
IAS 12.81 (c)	**c) Reconciliation of effective tax rate**		
	Profit for the period	628,382	5,165,427
	Non-deductible expenses	1,161,224	1,967,763
	Non-taxable incomes	2,980,492	5,270,371
	Elements similar to expenses	898,076	1,325,318
	Legal reserve		191,823
	Other taxable amounts	4,497,433	
	Profit for the financial year	4,204,623	2,996,314
	Sponsorships	26,506	71,696
	Tax facilities regarding re-invested profit		49,901
	Total income tax	646,234	357,813
	Profit after tax	(140,199)	4,667,172

13b. Expenditure with the specific activity

Starting from the year 2017, with the entry into force of Law no. 170/2016 relating specific activities tax, the company owes this type of tax for the canteen activity which is subordinated to it. We mention that on the premises of the company that it carries on its business with the canteen, its activity being consolidated to CAEN 5629 "Other services of food and so on." and entered in the Article of Association of the company as the secondary activity.
For the year 2021, the expenditure with specific tax due for this activity is in the amount of 13,671 RON (13,671 RON for financial year 2020).

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

14. Deferred tax assets and liabilities

On May 1, 2009, the stipulations of Emergency Government Ordinance no. 34 were enforced, which have limited the deductibility of certain expenses in calculating the income tax. The greatest influence is due to the non-deductibility of revaluation surpluses transferred to retained earnings since 2004, the impact on income tax expenses of the Company being significantly.

Deferred tax liabilities are represented by the amounts of income taxes payable in future periods as a result of existing taxable temporary differences. In the determination of deferred tax, the tax rate used is stipulated in fiscal regulations in force at the date of the financial statements, respectively 16%.

Deferred tax assets and liabilities are attributable to the following items:

	ASSETS		**LIABILITIES**		**NET**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Tangible Non-Current Assets	266,074	212,632	606,932	(79,346)	(340.858)	291,978
Employee Benefits	67,992	74,340	66,912	96,290	1,080	(21,950)
Receivables/liabilities	667,333	268,818	667,333	268,818		-
Tax incentives	1,218	1,519	(24,444)	30,691	25,662	(29,172)
Net Deferred tax assets/liabilities	**1,002,617**	**557,309**	**1,316,733**	**316,453**	**(314,116)**	**240,856**

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 16 **15. Tangible Non-Current Assets**

Reference		Land and buildings	Machines and Equipment	Furniture and fixtures	Work in progress	Total
		RON	**RON**	**RON**	**RON**	**RON**
	Cost or assumed cost					
IAS 16.73 (d)	Balance at 1 January 2021	21,336,506	55,393,007	469,450	2,788,492	79,987,455
IAS 16.73 (e)(i)	Acquisition	290,539	2,460,163	39,472	2,746,422	5,536,596
IAS 16.73 (e)(ii)	Disposals of tangible non-current assets	4,666,590	817,902		1,970,336	7,454,828
	Net reevaluation	4,301,651	(999,697)			3,301,954
IAS 16.73 (d)	Balance at 31 December 2021	21,262,106	56,035,571	508,922	3,564,578	81,371,177
	Depreciation and impairments					
IAS 16.73 (d)	Balance at 1 January 2021	3,135,237	39,019,092	415,812		42,570,141
IAS 16.73 (d)(vii)	Depreciation for the year	1,529,798	2,140,373	28,508		3,698,679
IAS 16.73 (d)(vi)	Reversal of impairment losses		(29,199)			(29,199)
IAS 16.73 (d)(ii)	Disposal of tangible non-current assets	17,107	544,529			561,636
	Discounts representing cancellation of depreciation due to revaluation	4,647,928	250,523			4,898,451
IAS 16.73 (d)	Balance at 31 December 2021		40,393,612	444,320		40,837,932
IAS 1.78 (a)	**Net book value**					
	Balance at 1 January 2021	**18,201,269**	**16,373,915**	**53,638**	**2,788,492**	**37,417,314**
	Balance at 31 December 2021	**21,262,106**	**15,641,959**	**64,602**	**3,564,578**	**40,533,245**

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 16 **15. Tangible Non-current Assets (continued)**

On 31 December 2021, land has a book value of 1,201,941 RON and represents an area of 86,000 square meters, of which:
• 85,790 square meters at its headquarters in Orșova and
• 210 square meters at its Branch in Agigea, Constanta County.

On 31.12.2007, the Agigea Branch, named at that time Shipyard Services S.A. Agigea, carried out the land revaluation operation of 210 sqm. As a result, after the merger (in 2008) and until this date, the Company's lands are valued at fair value for the land in the Branch's patrimony and at historical cost for the lands from Orșova.
In the course of the year 2017 the company has put up for sale by tender two plots of land in the area Gratca, of 937 square meters and 3,988 square meters, in accordance with the management decision of 16 February 2017. At the time of this decision, they were properly restated as fixed assets held for sale (according to IFRS 5). The sale transaction was completed in 2021
The company has completed cadastral situation for the entire area of the premises owned by Orşova headquarters.

Revaluation of tangible non-current assets

On 31 December 2004, the value of tangible non –current assets is presented at historical cost, indexed in accordance with government decisions ("GD"), which were applied by that date or at historical cost.

At 31 December 2005 the Company proceeded to revise the value of tangible assets by using the opinion of specialists, employed by the Company. At 31 December 2006, the Company proceeded to review the value of buildings and special constructions using the opinion of specialists, employed in the Company. On 31 December 2007, the Company has not proceeded to review the value of assets at the Orşova headquarters, instead, Agigea Branch conducted a revaluation of fixed assets of structures and ships group, before the merger, under the old name: SC Servicii Construcţii Maritime S.A. Agigea.
During 2007, 2008 and 2009 there were entries recorded in the technological equipment category and other intangible category which leads to a presentation in the financial statements, of the assets of these groups, both at historical cost indexed in accordance with government decisions (" GD "), and historical cost.
At 31 December 2009, the Company proceeded to the revaluation of buildings and special constructions, both at the headquarters in the town of Orşova and at Agigea branch, using the opinion of independent external evaluators. The reflection method of the revaluation in the company's bookings was to eliminate the depreciation from the book value of assets. The amount of the revaluation surplus was credited to revaluation reserve balance for those targets whose fair value was higher than the net book value, and for the other purposes for which the fair value has

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 16 **15. Tangible Non-current Assets (continued)**

been less than the book value a reduction of the existing revaluation surplus was reflected affecting operating expenses for the purposes for which revaluation reserves were not previously recognized or the recognized revaluation reserve was insufficient to cover the decrease.
At 31 December 2010 and 2012, the company did not revalue non-current assets.

At 31 December 2012, the company revalued buildings and means of naval transport, both at headquarters in the town of Orşova and Agigea branch using the opinion of an independent external value. The Company has used the net value model. The amount of the revaluation surplus was credited to revaluation reserves for those assets which fair value was higher than the net book value, and for the other assets which fair value has been lower than the book value a reduction of the existing revaluation surplus, was reflected affecting operating expenses for the purposes for which revaluation reserves were not previously recognized or the recognized revaluation reserve was insufficient to cover the decrease. For the fixed assets that are under conservation at Agigea branch, an impairment of 6,739 RON was recognized.

At 31 December 2013, the company proceeded to the revaluation of means of naval transport, both at headquarters in the town of Orșova and Agigea branch using the opinion of some independent external evaluators. The reflection method of the revaluation in the company's bookings was to eliminate the depreciation from the book value of assets. The amount of the revaluation surplus was credited to revaluation reserve balance for those targets whose fair value was higher than the net book value, and for the other purposes for which the fair value has been less than the book value a reduction of the existing revaluation surplus was reflected affecting operating expenses for the purposes for which revaluation reserves were not previously recognized or the recognized revaluation reserve was insufficient to cover the decrease.
For the fixed assets that are under conservation at Agigea branch, an impairment of 155,474 RON was recognized, at the end of 2013; at 31.12.2012 the impairment was 6,739 RON.
At 31 December 2014, the company proceeded to the revaluation of means of naval transport using the opinion of some independent external evaluators, applying the same rules and methods regarding the registration of the resulting differences.
For the fixed assets that are under conservation at Agigea branch, an impairment of 195,218 RON was recognized, at the end of 2014; at 31.12.2013 the impairment was 155,474 RON.

At 31 December 2015, the company proceeded to the revaluation of means of naval transport, both at headquarters in the town of Orșova and Agigea branch using the opinion of some independent external evaluators. The reflection method of the revaluation in the company's bookings was to eliminate the depreciation from the book value of assets.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 16 **15. Tangible Non-current Assets (continued)**

The amount of the revaluation surplus was credited to revaluation reserve balance for those targets whose fair value was higher than the net book value, and for the other purposes for which the fair value has been less than the book value a reduction of the existing revaluation surplus was reflected affecting operating expenses for the purposes for which revaluation reserves were not previously recognized or the recognized revaluation reserve was insufficient to cover the decrease.

For constructions and ships, an increase amounted at 2,181,569 RON was recorded. However analyzed individually, there are positions that present decreases, their total value is amounted at 3,591,056 RON, out of which 3,416,821 RON were incurred from revaluation surplus previously recorded for these items and 174,235 RON were supported on costs.
Please note that further information regarding the revaluation can be found in the Administrators' report prepared and presented separately in the general meeting of shareholders.

On December 31, 2016, the company proceeded to the revaluation of fixed assets amounted to the nature of shipping assets, using the same external independent evaluator's opinion and based on the same rules on recording differences in results. In the ordinary general meeting of shareholders, the results of this reassessment will be presented as visually distinct agenda. For fixed assets placed in conservation at Agigea branch was recognized an impairment at the end of the year 2016 total of 287,458.76 RON (to 31.12.2015 this impairment was of 252,756,17 RON).

On December 31, 2017, the company proceeded to the revaluation of fixed assets amounted to the nature of shipping assets, using the same external independent evaluator's opinion and based on the same rules on recording differences in results. In the ordinary general meeting of shareholders, the results of this reassessment will be presented as visually distinct agenda.
For fixed assets placed in conservation at Agigea branch was recognized an impairment at the end of the year 2017 total of 304,490.18 RON (to 31.12.2016 this impairment was of 287,458.76 RON).

On December 31, 2018, the company proceeded to re-evaluate the property, buildings and ships, both at the headquarters of Orşova and at Agigea branch using the opinion of independent external evaluators. The method of reflecting revaluation in the Company's accounts was that of eliminating depreciation from the carrying amount of assets.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 16 **15. Tangible Non-current Assets (continued)**

With the value of the revaluation surplus, the balance of revaluation reserves was credited for those items whose fair value was higher than net book value, and for the other objectives for which the fair value was less than the net book value reflected the decrease of the existing revaluation surplus and / or the impairment of operating expenses in the case of previously unrecognized revaluation reserves or recognized revaluation reserves was insufficient to cover the decrease. In both the construction group and the ship, by total group, there are increases, totaling 5,330,995 RON. However, individually analyzed were positions where there were decreases, their total value being 1,054,765 RON, out of which: 1,047,790 RON were borne from the revaluation surplus previously recorded in these positions and the amount of 6,975 was incurred on costs.

At December 31, 2019, the Company proceeded to reevaluation the tangible assets of the nature of the means of ship transport, using the opinion of the same independent external evaluator and based on the same rules regarding the recording of the resulting differences. In the ordinary general meeting of the shareholders, the results of this reassessment will be presented as a separate item on the agenda.

At December 31, 2020, the Company proceeded to reevaluation the tangible assets of the nature of the means of ship transport, using the opinion of the same independent external evaluator and based on the same rules regarding the recording of the resulting differences. At the ordinary general meeting of shareholders, the results of this revaluation will be presented as a separate item on the agenda.

At 31 December 2021, the Company proceeded to the revaluation of tangible assets such as buildings and means of shipping, both at the headquarters in Orsova and at the Agigea branch using the opinion of independent external evaluators. The method of reflecting the revaluation in the Company's accounting was that of removing the depreciation from the carrying amount of assets. The revaluation surplus was credited with the balance of revaluation reserves for those objectives whose fair value was greater than the net book value, and for other objectives in which the fair value was less than the net book value, the decrease in the existing revaluation surplus was reflected in the decrease in the previous revaluation surplus, respectively the allocation of operating expenses in the case of objectives for which a revaluation reserve had no previously been recognizes was insufficient to cover the decrease. In both the construction group and the ships group, there are increases in the total amount of 3,301,954 RON. However, analyzed individually, there were assets where there were decreases, their total value being 999,697 RON, all decreases being supported by the revaluation surplus previously recoded under these items. At the general meeting of shareholders, the results of this revaluation were presented and submitted for approval as a separate item on the agenda.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 16 **15. Tangible Non-current Assets (continued)**

In order to carry out these operations, the company turned to the specialized services of the evaluator DARIAN DRS S.A., headquarters in Timisoara.
Valuation techniques used by the evaluator for fixed assets under IFRS 13.91, were as follows:
• The cost approach for naval means of transport and for fixed assets in conservation
• The income approach for leased buildings (investment properties).

According to IFRS 13, valuation at fair value of buildings and means of naval shipping supposed taking into consideration the characteristics of the assets, which users of financial statements would consider in determining the price of the asset at the balance sheet date. Fair value determination was carried out by an independent external evaluator and shall be treated as level 2 under IFRS 13 for the data taken into account in determining the fair values as at 31 December 2021, the date of financial reporting. At the company level, there has not been any change of the level presented by IFRS 13 for the data taken into account in determining the fair values. Also, the maximum amount for assets valued at fair value does not differ from the current amount of use.

Tangible non-current assets presented at fair value, compared with cost model according to IAS 16.77 (e)

- RON-

Name	Land	Plant	Equipment (Means of transport)
Fair value at 31.12.2021	1,201,941	20,060,165	8,274,482
Revaluation surplus	572,314	20,770,903	2,604,789
Net book value according to cost model	629,627	2,678,484	5,669,693

Impairment losses and subsequent reversals

At the revaluation on December 31, 2021, the depreciation test for the fixed assets under conservation was performed at the Agigea branch, and after processing the respective data resulted a depreciation, in the balance, of 435,721 RON, related to other fixed assets than the buildings. In the previous year, the value of depreciation was 406,522 RON.

Pledged or mortgaged tangible assets

To guarantee the multi-option and multi-currency global limit, in value of 1,540,000 EUR (2,000,000 in 2019), made available by BRD-GSG SA, the Company established the following:

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 16 **15. Tangible Non-current Assets (continued)**

- First rank mortgage on the following properties: Repair hall, New Hall, Thermal power station, Compressors Station and PSI Shed, Operating Group, Cafeteria, Merged building, all together with the related land, buildings assessed in accordance with the Warranty Monitoring Report at 1,512,800 EUR market value, registered in the Land Registry under the following numbers 1133, 1146, 1121, 1145, 1134, 1135 and 1132;
- Security interest with dispossession on a deposit in value of 401,201 EUR.
- Warrant in form of Assignment of receivables in total value of 8,989,250 EUR, resulting from signed contracts concluded by the company with third parties, contracts not received on 12.31.2021.

Tangible assets in progress

At 12.31.2021 the company had unfinished investment in the total amount of 3,564,578 RON, consisting of modernization of the launch path from the subunit from Agigea.

Changes in Accounting Estimates

On the occasion of the revaluation made on 31 December 2018 and 2021, some of the fixed assets that were fully depreciated have been assigned a new use value, which has led to a reconsideration of the lifetime, which will be used from 2019, respectively 2022 onwards accounting depreciation.

Changes in classification

In 2021, no reclassifications of this kind of assets has made by the Company.

In 2019, the Company proceeded to reclassify some assets. According to IAS 40, a building under the management of the branch in Agigea (head office) was transferred from the category of fixed assets to the category of real estate investments, which was given for use, for rent, to third parties until 2021. In this respect, see also Note 18. The two lands reclassified, according to IFRS 5, based on the decision of the Board of Directors in 2017 as being held for sale, were sold in 2021.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 38 **16. Intangible Assets**

IFRS 3.61 *IAS 38.118 (c), (e)*		**Other assets**	**Total**
	Cost	**RON**	**RON**
IFRS 3.B67 (d)(viii),IAS 38.118	Balance at January 1, 2021	1,077,700	1,077,700
IAS 38.118(e)	Acquisitions	17,198	17,198
	Disposals of intangible assets		
IAS 38.118	Balance at December 31, 2021	1,094,898	1,094,898
	Amortization and impairment		
IFRS 3.B67 (d)(i),IAS 38.118	Balance at January 1, 2021	1,071,508	1,071,508
IAS 38.118(e)(vi)	Amortization during the year	3,252	3,252
IAS 38.118(e)(iv)	Impairments		
	Disposals of intangible assets		
IFRS 3.B67 (d)(viii),IAS 38.118	Balance at December 31, 2021	1,074,760	1,074,760
	Book values		
IAS 38.118(c)	**Balance at January 1, 2021**	**6,192**	**6,192**
IAS 38.118(c)	**Balance at December 31, 2021**	**20,138**	**20,138**

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 39 **17. Right-of-use assets**

Starting with 2019, IFRS 16 Leases became applicable. Given that the company has certain leases, as a lessee, with a term of 12 months or less and low value leases, it applies for these contracts the exception for the recognition of short term and low value leases. Please note that the company at the headquarters of the Agigea branch, has the right to use the land that is owned by the National Company Administration of Maritime Ports Constanta. The lease agreement concluded in this respect with CNAPMC (September 2019) is valid until 2038 but contains clauses regarding the renegotiation of the tariff every 5 years and an annual indexable rent value. The initial analysis of the clauses of this contract determined the Company to apply the exception allowed by IFRS, respectively to consider that the conditions are met to recognize this contract annually as a new leasing contract. In 2021, after reviewing the contract, the company concluded that the annual tariff change din not constitute a significant change in the contract and decided to reassess the requirements of IFRS 16. As a result, it entered into a contract with CNAPMC under IFRS 16 and recorded a right-of-use asset and a corresponding leasing liability.
The following are the carrying amounts of the right to use the recognized asset and the movements in the period:

	Total land use rights	**Total rights to use of assets**
Cost		
At 1st january 2019	**0**	**0**
entries	2,502,294	2,502,294
At 31 december 2019	**2,502,294**	**2,502,294**
Entries	94,066	94,066
At 31 december 2020	**2,596,360**	**2,596,360**
Entries	142,574	142,574
At 31 december 2021	**2,738,935**	**2,738,935**
Amortization		
At 1 january 2019	**0**	**0**
Annual amortization	125,115	125,115
At 31 december 2019	**125,115**	**125,115**
Annual amortization	520,262	520,262
At 31 december 2020	**645,377**	**645,377**
Annual amortization	533,595	533,595
At 31 december 2021	**1,178,973**	**1,178,973**
Net book value		
At 31 december 2019	**2,377,179**	**2,377,179**
At 31 december 2020	**1,950,983**	**1,950,983**
At 31 december 2021	**1,559,962**	**1,559,962**

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

17. Right-of-use assets (continued)

Following the application of IFRS 16, the following amounts have been recognized in the income statement:

	2021	2020	2019
Expenditure with related amortization			
Usage rights	533,595	520,262	125,115
Interest on lease debt	35,702	44,956	12,313
Totals	**569,297**	**565,218**	**137,428**

IAS 39 **18. Other investments, including derivatives**

Investment securities are recognized in the financial statements in accordance with IAS 27 (reviewed in 2010), IAS 36 (reviewed in 2009), IAS 39 (reviewed in 2009) and IFRS 7 (issued in 2008). With the stipulation from the 4 standards, the company adopted the following policy for the recognition and valuation of shares and securities:

- investments in subsidiaries, jointly controlled entities and associates are recognized at cost ;
- short-term investments held for sale, unlisted on the stock exchange market, are recorded at cost. For value depreciation, the company makes adjustments (the depreciation treatment for these securities is determined by IAS 39, paragraph 63);
- short-term investments held for sale listed, on the stock exchange market, are recorded at fair value (the value of trading on the last day of the year). In case of winnings or losses, they will be recognized in capital. If there are any objective evidence of impairment (as presented in paragraph 59 of IAS 39), as well as gains and losses from exchange rate differences, the loss of value is recognized in the period result.

	2021			2020		
Other investment	**Book value**	**Allowance for impairment**	**Net worth**	**Book value**	**Impairment adjustments**	**Net worth**
Long-term investment						
Shares held at Kritom	684,495	684,495	0	684,495	684,495	0
Total long-term investment	**684,495**	**684,495**	**0**	**684,495**	**684,495**	**0**

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 39 **18. Other investments, including derivatives (continued)**

In 1993, S.C. Servicii Construcţii Maritime S.A. ("SCM"), a company acquired by Şantierul Naval Orşova S.A. during the financial year ended 31 December 2008, made with the Anonymous Society "Domik Kritis", based in Crete, a joint venture named "Kritom Shipping Company", based in the city Iraclio, Crete. The share capital owned by SCM at Kritom Shipping Company was 49%:

- the total share capital of this company was 1,230,600 euro, consisting of a total number of 4,200 shares of 293 euro / share,
- SCM, at that time held 2,058 shares, respectively 602,994 euros (49%), and Domiki Kritis held 2,142 shares worth 627,606 euros (51%)

According to the latest information received from the Greek authorities, the Greek partner proceeded, without our consent, by virtue of the provisions of art.3.4 of the Convention establishing the company, to double the share capital of Kritom, reaching 2,461,200 euros (8,400 shares), from which:

- The joint-stock company "Domiki Kritis", which has since become Aristodimos E. Lidakis SA, holds 1,857,620 euros, the equivalent of 6,340 shares, representing 75.48%, and
- Santierul Naval Orsova holds 2,060 shares worth 603,580 euros, respectively 24.52% of the share capital.

The founding convention of the Kritom Shipping Company provides that the duration of the company is for the period 1993-2012. However, in 2012, the Greek shareholder, without consulting the Company, and using the dominant position in the General Meeting decided to extend the duration of the company by 25 years, until 2037.

At the moment, based on the information we have, the company is active but due to result of the pandemic and the lockdown situation in Greece , it does not generate revenue.

For more information about the current situation of Kritom and to clarify all aspects of administration, Șantierul Naval Orșova contacted a law firm that will represent us in court and support our interests as a shareholder.

In accordance with IFRS 13, fair value evaluation of short term investments assumes taking into consideration the characteristics that market participants would consider in determining the price of the asset at the measurement date. Fair value determination was made according to the available information on the interbank market and is assimilated to the first level required by IFRS 13 for data taken into account in determining the fair values at December 31, the reporting date.

On 31 December, 2021, the Company had fully set up impairments for these securities, amounted to 684,495 RON, so the net value on 31 December 2021 was 0 RON (the same situation was registered at 31 December, 2020).

The factors that contributed to these depreciations are the distrust and lack of transparency shown by the Greek partner, which manages the company, as we have shown.

This financial asset belongs to the category of financial assets measured at amortized cost in accordance with IFRS 7.8.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

IAS 40 **19. Investment property**

		2021	2020
		RON	**RON**
IAS 40.76(a)	Balance on January 1st	508,019	517,515
IAS 40.76(f)	Acquisitions		
IAS 40.76(d)	Transfer from tangible assets		
IAS 40.76(d)	Free transfer/depreciation, transfer to tangible assets	14,217	9,496
	Balance at December 31	**522,236**	**508,019**

In September 2019 the Agigea branch proceeded to rent a building located in Constanța, called "Headquarters", to the companies City Protect and Protect Instal, the rental period being one year. The rental period, according to the contracts in force, ends on 31.12.2023.
The Company measures real estate investments at fair value, with changes in fair value being recognized in profit or loss and other comprehensive income. On 31.12.2021, the real estate investment was revalued by an independent external assesor. The valuation method was the income approach.

20. Inventories

		2021	2020
		RON	**RON**
IAS 1.78 (c),2.36(b)	Raw materials and consumables	9,671,585	8,198,985
IAS 1.78(c), 2.36(b)	Work in progress	13,319,086	29,282,516
	Write-downs	(589,946)	(2,870,180)
	Inventories at net value	**22,400,725**	**34,611,321**

IAS 1.104,2.36(e)(f) For the sheet stocks over 3 years old and for the other stocks over 2 years old, without moving, the company adjusted the book value, constituting a total depreciation of 589,946 RON. We note that the depreciation constituted in previous years for the production in progress, related to an foreign order that was the subject of the dispute with the company VEKA, was reimbursed to revenues, following the capitalization of the ship.

Evolution of inventory write-downs

		2021	2020
		RON	**RON**
IAS 1.104,2.36(e,g)	Opening balance	(2,870,180)	(6,840,829)
IAS 1.104, 2.36(e,g)	Write-downs reversal	2,282,238	4,451,640
IAS 1.104, 2.36(e,g)	Write-downs	(2,004)	(480,991)
	Closing balance	**(589,946)**	**(2,870,180)**

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

21. Fixed assets held for sale

		2021	2020
		RON	**RON**
IAS 1.104,2.36(e,g)	Balance at the beginning of the period	18,637	318,158
IAS 1.104, 2.36(e,g)	Outputs for sale	18,637	299,521
	Balance at the end of the period	**0**	**18,637**

In the course of the year 2017 the company has reclassified some assets like assets held for sale, in accordance with the management decision; these has been valuated at reclassification moment at minimum between book value and fair value less the sale estimated cost. In the year ended at December, 31 2021, the Company has sale the last assets classified in this category, in fact two plots of the area Gratca, Orsova and the Company has booked a profit amounted to 152,602 RON.

22. Trade receivables and related, other receivables and accrued expenses

		2021	2020
		RON	**RON**
IAS 1.78 (b)	Trade receivables	19,818,759	533,389
	Receivables allowances	(166,620)	(166,620)
IFRS 7.8(c)	**Loans and net receivables**	**19,652,139**	**366,769**
	Long term		
	Receivables – total	**844,154**	**948,810**
	Sundry debtors	449,674	623,167
	Suppliers – debtors	-	20,551
	VAT receivable and under settlement	128,411	285,679
	Allowances for other receivables	(345,939)	(548,243)
	Deferred expenses	165,412	130,348
	Other expenses	412,042	434,386
	Accrued expenses	34,554	2,922
	Total	**20,496,293**	**1,315,579**

Trade receivables at 31 December 2021 show an increase over the corresponding 2020 period. The balance of uncollected invoices refers to current invoices, without raising any special problems regarding the collection, some of which are already collected in the first days of 2022.We specify that, regarding the uncollected receivable from the company VEKA in the amount of 4,948,100 RON, a notarial agreement

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

22. Trade receivables and related, other receivables and accrued expenses (continued)

was concluded on 10 February 2022 the offers the Company the guarantee of its compliance by the Dutch partner and the full collection of debt in 2022. As at 31 December 2021, there were, as in the previous year, in the records of the Agigea branch, uncollected commercial receivables (disputed customer), older than 1 year, from previous years and for which adjustments were made for the depreciation of receivables in the total amount of 166,620 RON. The receivables analyzed in this note do not include the receivables presented in the fixed assets category.

Company's trade receivables are denominated in the following currencies:

	2021	2020
Currency	**RON**	**RON**
USD		-
EUR	19,098,570	-
RON	720,189	533,389

Movements of the Company's receivables allowances are as follows:

	2021	2020
	RON	**RON**
On 1 January	166,620	166,620
Allowances reversed	-	-
Recognized allowances	-	-
Balance at end of period	**166,620**	**166,620**

In 2021, no impairments were established / resumed in connection with the Company's trade receivables.

23. Short term investments

	2021	2020
	RON	**RON**
Deposits in banks in RON	904,000	1,904,000
Deposits in banks in foreign currency	2,183,107	1,953,609
Total	**3,087,107**	**3,857,609**

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

23. Short term investments (continued)

Deposits at banks and foreign currency deposits in banks (euro), presented by the Company as other short term investments as at December, 31 2021 relates to deposits with a maturity of between six months and one year.

24. Cash and cash equivalents

	2021	2020
	RON	RON
Bank accounts in RON	2,190,120	3,250,290
Bank account in foreign currencies (euro)	12,164,760	27,560,905
Petty cash in RON	6,254	8,802
Petty cash in foreign currencies	-	-
Other values	4,234	5,276
Total	**14,365,368**	**30,825,273**

The amounts in cash and cash equivalents decrease significantly compared to the previous period (by 53.40%), as a result of amounts paid in 2021 as dividends, but also the non-collection until the end of the year of some trade receivables.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

25. Capital and reserves

Share capital

IFRS 7.7
IAS 1.79(a)(i),(iii)

The share capital structure on December 31, 2020 is as follows:

	Number of shares	Amount (RON)
SIF 3 Transilvania	5,711,432	14,278,580
SIF 5 Oltenia	3,200,337	8,000,843
SIF 4 Muntenia	1,504,600	3,761,500
Other individual shareholders	179,243	448,108
Other corporate shareholders	827,307	2,068,267
	11,422,919	**28,557,298**

The subscribed and paid up share capital is amounted to 28,557,298 RON, divided into a number of 11,422,919 nominal and dematerialized shares, each worth 2.50 RON.
Compared with the existing ownership structure at 31 December 2021, there are no significant changes. The changes took place at the level of other corporate and individual shareholders, in the sense that there was a slight increase in the share of corporate shareholders to the detriment of the individual ones.

Shareholders name	**Percentage of ownership (%)**	
	2021	**2020**
SIF 3 Transilvania	49.9998	49.9998
SIF 5 Oltenia	28.0168	28.0168
SIF 4 Muntenia	13.1718	13.1718
Other individual shareholders	1.6620	1.5691
Other corporate shareholders	7.1497	7.2425
Total	**100.00**	**100.00**

The Company's shares are dematerialized, ordinary and indivisible. The identification data for each shareholder, the contribution to the share capital, number of shares owned and the participation of the shareholder in share capital are presented in the shareholder register kept by the company registry (Central Depository) contractually designated for this purpose.
Each subscribed and paid share, grants the shareholders, under the law, the right to vote in the General Meeting of Shareholders or to be elected to the governing bodies, the right to participate in the distribution of profit or any rights derived from the shareholder quality. Owning shares involves adherence to the status and subsequent amendments. During 2021 there were no changes in share capital.

Reference ***NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS***

25. Capital and reserves (continued)

Reserves

The Company distributes to the legal reserve 5% of profit before tax, to the limit of 20% of the capital. These amounts are deducted from the basis of income tax calculation. Legal reserves cannot be distributed to shareholders.

During 2021, the company did not constitute legal reserves becaue it had reached the threshold of 20% of the share capital, according to art 183 of the Companies Law no.31/1990, republished, with subsequent amendments and completions.

Revaluation reserve	Total reserve	Reserves taxed	Untaxed reserves
Recorded before 2004	6,058,540	-	6,058,540
Recorded at 31.12.2006	1,479,579	910,582	568,997
Recorded at 31.12.2007	3,779,015	1,497,169	2,281,846
Recorded at 31.12.2009	1,019,194	509,818	509,376
Recorded at 31.12.2012	2,419,147	1,235,961	1,183,186
Recorded at 31.12.2013	332,106	164,616	167,490
Recorded at 31.12.2014	113,996	55,735	58,261
Recorded at 31.12.2015	4,548,824	1,585,561	2,963,263
Recorded at 31.12.2016	131,549	36,872	94,667
Recorded at 31.12.2017	285,512	54,757	230,755
Recorded at 31.12.2018	5,339,718	1,241,917	4,097,801
Recorded at 31.12.2019	127,351	5,306	122,045
Recorded at 31.12.2021	4,611,769	-	4,611,769
TOTAL	30,246,300	7,298,294	22,948,006

Revaluation reserves related to revaluations made after 1 January 2004 will be taxed in the same time with the deduction of fiscal depreciation at taxable profit calculation, or at the disposal of fixed assets which refer to these reserves, according to tax regulations.

IAS 1.107 **Profit appropriation / Dividends declared and paid**

In the General Meeting of Shareholders (AGOA) from 16.04.2021 the distribution of the net profit for the year 2020 in the amount of 4,653,501.17 RON was approved for the following destinations:

- 191,823 RON legal reserves, according to art. 183 para. (1) of the Companies Law no. 31/1990, republished with subsequent completions and modifications
- 35,406 RON to cover the loss from the correction of accounting errors from the previous period
- 4,340,709.22 lei, in the form of dividends, representing 0.38 lei / share dividend gross;
- 85,562.95 lei, as a source of own financing (available to the company).

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

25. Capital and reserves (continued)

At the same time, in the same OGMS meeting, the additional dividends to the shareholders was approved, by distributing the amount of 7,082,209.78 RON, from the result carried forward to 31.12.2020, respectively and additional gross dividend of 0.62 RON/share.

26. Earnings per share

Earnings per share are calculated by dividing the net result for the financial year with the weighted average number of ordinary shares outstanding at the end of year. Diluted earnings per share is determined by adjusting the net attributable profit of ordinary shareholders and the weighted average number of shares outstanding, adjusted by the number of own shares held, with dilution effects of all potential ordinary shares.

IAS 33.70(a) **Profit attributable to ordinary shares**

	2021	2020	Adjustment 2020
Profit (loss) for the period	(153,870)	4,653,501	(18,172)
Dividends for unredeemed preference shares	-	-	
Profit (loss) attributable to ordinary shares	**(153,870)**	**4,653,501**	**(18,172)**

IAS 33.70(b) **Weighted average number of ordinary shares**

	2021	2020	
Ordinary shares issued on 1 January	11,422,919	11,422,919	
Effect of own shares held	-	-	
Effect of share options exercised	-	-	
Weighted average number of ordinary shares at 31 December	11,422,919	11,422,919	

IAS 33.70(a) **Profit attributable to ordinary shareholders (diluted)**

	2021	2020	
Profit attributable to ordinary shareholders (basic)	(153,870)	4,653,501	(18,172)
Interest expense related to convertible bonds after tax		-	
Profit attributable to ordinary shareholders (diluted)	**(153,870)**	**4,653,501**	**(18,172)**

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

26. Earnings per share (continued)

IAS 33.70(b) **Weighted average number of ordinary shares (diluted)**

	2021	2020
Weighted average number of ordinary shares (basic)	11,422,919	11,422,919
Effect of conversion of convertible bonds	-	-
Effect of share options issued	-	-
Weighted average number of the ordinary shares (diluted) at 31 December	11,422,919	11,422,919
Earnings per share	**(0.01)**	**0.41**

27. Loans

IFRS 7.7,8 This note provides information about the contractual terms of the Company's interest-bearing loans, measured at depreciation cost. For more information on the Company's exposure to interest rate risk, currency risk and liquidity risk, it can be seen in note 28 of this package of notes to the financial statements according with IFRS.

At the end of 2021 and 2020 the Company had no loans contracted.

Values of guarantees provided by the Company for short-term loans are presented below:

Explanations guarantees	2021 RON	2020 RON	
Land	584,951	584,951	BRD
Buildings	6,781,477	6,781,477	BRD
Receivables	44,479,708	31,388,152	BRD
Pledge (collateral deposit)	2,183,107	1,953,609	BRD

1. On 31st of December 2021 society have approved a single overall limit to BRD guaranteed as stated below.
2. Buildings have been evaluated and taken as warranty at the following market value:

- 2013 - 1,733,000 EUR (* 4.4847 RON/EUR= 7,771,985 RON)
- 2014 - 1,733,000 EUR (* 4.4351 RON/EUR= 7,686,000 RON)
- 2014 - 640,204.14 EUR (* 4.4821 RON/EUR= 2,869,459 RON)

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

27. Loans (continued)

- 2015 - 1,615,300 EUR (* 4.5245 RON/EUR=7,308,424 RON)
- 2016 – 1,512,800 EUR (* 4.5411 RON/EUR=6,869,776 RON)
- 2017– 1,512,800 EUR (* 4.6597 RON/EUR=7,049,194 RON)
- 2018 - 1,512,800 EUR (* 4.6639 RON/EUR=7,055,548 RON)
- 2019 - 1,512,800 EUR (* 4,7793 RON/EUR = 7,230,125 RON)
- 2020 - 1,512,800 EUR (*4,8694 RON/EUR = 7,366,428 RON)
- 2021 – 1,512,800 EUR (4.9481 RON/EUR = 7,485,486 RON)

3. Receivables -value of letters of credit that will be charged by the concerned bank (BRD):

- 2013 - 3,566,760 EUR (* 4.4847 RON/EUR= 15,995,848 RON)
- 2014 - 2,213,440 EUR (* 4.4821 RON/EUR= 9,920,859 RON)
- 2015 - 4,472,000 EUR (* 4.5245 RON/EUR= 20,233,564 RON)
- 2016 - 2,480,000 EUR (* 4.5411 RON/EUR=11,261,928 RON)
- 2017- 0 EUR (* 4.6597 RON/EUR= 0 RON)
- 2018—1,745,000EUR (*4.6639 RON/EUR=8,138,506 RON) + assignment receivables 11,197,000EUR*4.6639=52,221,688 RON
- 2019 - 2,310,000 EUR (* 4,7793 RON/EUR = 11,040,183 RON) + assignment receivables 9,842,730 EUR * 4.7793 = 47,041,359 RON
- 2020 - 0 EUR
- 2021 – 0 EUR

4. Pledge on a deposit in the amount of 401,201 EUR BRD, plus accrued interest of:

- 2013 - 589,000 EUR (* 4.4847 RON/EUR= 2,641,488 RON)
- 2014 - 589,000 EUR (* 4.4821 RON/EUR= 2,639,957 RON)
- 2015 - 642,714.64 EUR (* 4.5245 RON/EUR=2,907,962 RON)
- 2016 – 400,000 EUR (* 4.5411 RON/EUR=1,816,440 RON)
- 2017- 400,600 EUR (* 4.6597 RON/EUR=1,863,80 RON)
- 2018 - 401,000 EUR (* 4.6639 RON/EUR = 1,870,227 RON)
- 2019 - 401,201 EUR (* 4.7793 RON/EUR = 1,917,460 RON)
- 2020 - 401,201 EUR (* 4.8694 RON/EUR = 1,953,608 RON)
- 2021 – 40,000 EUR (* 4.9481 RON/EUR)

5. Real movable security on a deposit of 40,000 EUR opened at BRD

- 2021 – 40,000 eur (4.9481 RON/EUR = 197,924 RON)

Through the credit agreement No. 70/31.07.2013 and the addendum no. 9 from 30.06.2021 with BRD-GSG Orsova, the Company contracted an uncommitted credit facility as an overall limit, multi-currency and multi-options in the amount of 1,500,000 (one million five hundred thousand) EUR, valid until 30.06.2022, and a limit to hedge foreign exchange amounting to 2,069,000 USD. On 26.11.2021, by additional act no. 10, the global threshold was increased by the amount of 40,000 EURO until 01.05.2022.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

27. Loans (continued)

The overall unconfirmed limit has several sub-limits, as mentioned below, provided that the maximum value of sub-limits does not exceed in any moment the total amount of 1,540,000 EUR limit.

- Unconfirmed and bi-currency credit line facility in value of maximum 1,500,000 EUR, usable in the following currencies: RON and EUR;
- Facility for issuing letters of guarantee ("SGB facilities") - a maximum of 1,540,000 EUR, usable in the following currencies: RON and EUR, with an issuing date valid until 31.05.2022, respectively 30.06.2022. Validity of guarantee letters issued shall not exceed 24 months from the issue date;
- Facility for the letters of credit opening – amounted to 500,000 EUR with maturity for 24 months.

The credit facility is destinated to finance current activities of the borrower and/or garantee his obligations, as well as to perform transactions with derivatives.

28. Leases' liabilities

Financial leasing contracts

As of December 31 2021, the Company has not concluded financial leasing contracts.

Operating leases

Total commitments included in the leasing contract concluded with the National Company Administration of Maritime ports Constanta on 31st December 2021, recognized in accordance with IFRS 16, is 1,592,294 RON. When updating the lease payments, as the company has no other contracted loans, it used the BNR's monetary policy interest rate of 2%.

The maturity of the lease debts is as follows:

	2021	**2020**	**2019**
Initial year	-	-	119,266
Year 1	-	502,135	483,067
Year 2	525,239	512,270	492,817
Year 3	568,917	522,610	502,765
Year 4	580,401	533,159	512,912
Year 5	442,976	406,920	391,467
Total	2,117,533	2,477,094	2,502,294
Debt balance 31 december	1,592,294	1,974,959	2,383,028
Long term	1,023,377	1,462,689	1,899,962
Short term	568,918	512,270	483,066

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

29. Employee benefits

a) The remuneration of directors and administrators

For management activity, the Company is obliged to pay to the administrators a fixed monthly remuneration, established by the articles of Company Act or the decision of the General Meeting of Shareholders, and a variable remuneration in relation to the achievement of objectives and performance indicators.
The fixed monthly renumeration of the directors for the period January 1 – December 31, 2021 was in the amount of 587,889 RON (638,309 RON in 2020), in accordancem with the provisions of the Articles of Association and the renumeration policy of the Company.
In 2021, the variable remuneration was not granted to the administrators and the general manager.

The Company did not grant advances or loans to directors or administrators in the financial year ended 31 December 2021.

Wage expenses

	Financial year ended at 31 December 2021 RON	**Financial year ended at 31 December 2020 RON**
Administrators	587,889	1,007,036
Directors	1,277,082	1,118,951
	1,864,971	**2,125,987**

Regarding the Board of Directors, during 2021 there were changes in its composition, at the initiative of the main shareholder SIF Transilvania, which requested the convening of an OGMS to elect the directors by the cumulative voting method.

Therefore, the composition of the Board of Directors for the period 01.01-27.12.2021 was as follows:
Mr. Andanut Crinel-Valer – President
Mr. Moldovan Marius-Adrian- Vice-president
Mrs. Dumitrescu Lucia-Carmen – Member
Mr. Mihai Constantin-Marian – Member
Mr. Ciurezu Tudor – Member

In December 2021, the OGMS was convened, with several items on the agenda, including the election of the directors, by the method of cumulative voting, for a period of 4 years.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

29. Employee benefits (continued)

The OGMS was held on December 28, 2021, and the new composition of the Board of Directors, as it resulted from the expression of the shareholders votes starting with December 28, 2021, is as follows
Mr. Rosca Radu-Claudiu - President
Mr. Enescu Radu-Valentin – Vice-President
Mr. Sperdea Mircea-Ion- Member
Mr. Zoescu Mihai - Member
Mr. Miha Constantin-Marian - Member

Allowances and other rights granted to directors are set out in art. 19 of the Company Act and management contracts that were approved by the General Meeting of Shareholders, on October 2, 2020, respectively by the General meeting of Shareholders from 28 December 2021, and wages and other executive rights were determined by the Board of Directors, complying with the limits laid down in art. 22 of the Company Act and in the Mandate Contract between the Board of Directors and the General Director. The mandate of the current Board of Directors ends on December 28, 2025.

Salaries payable due at period end:

	31 December 2021 RON	31 December 2020 RON
Administrators	28,744	27,676
Directors	32,974	23,873
	61,718	**51,549**

b) Employees

The average number of employees during the year was as follows:

	Financial year ended at 31 December 2021	Financial year ended at 31 December 2020
Administrative staff	45	45
Direct productive staff	227	271
Indirect productive staff	87	58
	359	**374**

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

30. Provisions

		Warranty	Employee benefits	Litigations	Other Provisions	Total
IAS 37.84(a)	**Balance at January 1, 2021**	**-**	**210,124**	**53,210**	**283,984**	**1,025,258**
IAS 37.84(b)	Provisions recognized during the current period	-	88,490		336,466	424,956
IAS 37.84(c)	Reversal of provisions during the current period	-				
IAS 37.84(d)	Complete reversal of provisions during the current period	-	150,698		267,501	418,199
IAS 37.84(a)	**Balance at December 31, 2021**	**-**	**147,916**	**531,210**	**352,889**	**1,032,015**

Provisions for employee benefits

As at 31.12.2021 the company had provisions for employee benefits for retirement worth 147,916 RON (210,124 RON at 31 December 2020).

IAS 1.125 **Litigation**

At 31 December 2021, the Company constituted a provision for litigation in the amount of 531,210 lei, representing damages requested by the former Chairman of the Board of Directors of the Company - Mr. Fercală Mihai - for revocation from office, before the expiration of his term. The action was brought in November 2020, and the court of first instance, by civil sentence no. 14/23.02.2021 rejected as unfounded the request for summons and ordered the applicant to pay the amount of 21,331 RON as judgment expenses in favor for our Society. Against the decision of the court of first instance, Mr. Fercala Mihai filed an appeal which was admitted by Civil Decision no. 596/11.10.2021 pronounced by the Craiova Court of Appeal, in the sense of admitting the request for summons as a consequence of obliging the Orsova Shipyard to pay the amount of 531,210 RON, payment of the penal legal interest in the amount of 3,852.65 RON, as well as of the court costs in the total amount of 32,540 RON. The Orsova Shipyard filed and appeal against the decision of the appellate court, which is currently in the filter procedure before the High Court of Cassation and Justice.
Mr. Fecala Mihai initiated, in November 2021, the enforcement procedure.
Consequently, our Company recorded the amounts, with special allocation, at the disposal of the bailiff S.C.P.E.J. Drumea-Nicut and Ciovica and filed an appeal for enforcement which is currently pending before the Orsova District Court.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

30. Provisions (continued)

Other provisions

On December 31, 2021, the company had provisions for unperformed rest leave amounting to 352,889 lei (2020: 283,924 lei).

31. Trade payables and other liabilities

	2021 RON	2020 RON	Adjustment 2020
Trade payables - short term	5,195,741	4,631,937	525,239
Social security and other taxes	1,334,918	1,205,903	
Suppliers - invoices to be received	734,891	110	
Other creditors	1,138,618	781,379	
Commercial debts – long term (leasing, guarantees)	1,047,860	-	1,449,720
Total	**9,452,028**	**6,619,329**	**1,974,959**

Short-term trade payables refer to payables to suppliers and advances received from customers, both types of liabilities registering an increase over the previous year.

32. Financial instruments

General presentation

The Company is exposed to the following risks from financial instruments usage:

- Credit risk
- Currency exchange risk
- Liquidity risk
- Market risk

These notes to the financial statements disclose information about the Company's exposure to each of the above risks, objectives, policies and processes for assessing and managing risk and procedures for capital management. Also, these financial statements include other quantitative information.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

32. Financial instruments (continued)

The general risk management

The Board of Directors has overall responsibility for the establishment and oversight of the overall risk management in the Company.
Company's risk management policies are defined to ensure the identification and analysis of risks faced by the Company, setting appropriate limits and controls, monitoring risks and compliance with the established limits.

Policies and risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training standards and management procedures, aims to develop an orderly and constructive control environment in which all employees understand their roles and obligations.
The internal auditor of the Company performs standard and ad hoc missions to revise the controls and risk management procedures, the results being presented to the Board of Directors.

Credit risk

Credit risk is the risk that the Company could incur a financial loss as a result of failure to fulfill contractual obligations by a customer or counterparty for a financial instrument, and this risk results primarily from trade receivables and financial investments of the Company.

Credit risk arises when a customer fails to fulfill its contractual obligations and reduces cash inflows arising from trade receivables. The Company has a significant concentration of credit risk. The Company applies specific procedures to ensure the credit control and receivables aging.

Credit risk exposure

IFRS. 7.36(a) The book value of financial assets represents the maximum exposure to credit risk.
The maximum exposure to credit risk at the reporting date was as follows:

	Note	2021	2020
		RON	RON
Trade receivables	22	19,818,759	533,389
Cash and cash equivalents	24	14,365,368	30,825,273

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

32. Financial instruments (continued)

IFRS. 7.34(a) The maximum exposure to credit risk on loans and receivables at the reporting date by geographic region was as follows:

	2021	2020
	RON	RON
Internal market	720,189	533,389
USD area	-	-
EUR area	19,098,570	-
	19,818,759	533,389

IFRS. 7.34(a) The maximum exposure to credit risk on loans and receivables at the reporting date based on the type of counterparty was as follows:

	2021	2020
	RON	RON
Wholesalers	-	-
Retailers	-	-
Final consumers	-	-
Others	19,818,759	533,389
TOTAL	**19,818,759**	**533,389**

The Company, according to the nature of its activity, commercializes products and services on the foreign markets, especially in the European Community. The manufactured products are of high value (naval and sea ships) with a long manufacturing cycle and are addressed to a relatively narrow market segment. Therefore, when negotiating contracts, the company wishes, as far as possible, to cash an advance payment and to collect the rest of the payment, through an irrevocable letter of credit. The number of customers and percentages owned in total deliveries in recent years are as follows:

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

32. Financial instruments (continued)

CLIENT / BENEFICIARY	YEAR 2021	YEAR 2020
Rensen Driessen Shipbuilding B.V. (NL)	67.76%	64.53%
TEAMCO BV (NL)	14.02%	-
Vof Interceptor (NL)	-	17.15%
VEKA Shipbuilding B.V. (NL)	17.88%	18.32%
ASTO BV (NL)	0.34%	
TOTAL	**100%**	**100%**

In the financial year 2021, shipments built in Orsova delivered were focused on 3 customers (Rensen Driessen Shipbuilding B.V., Teamco B.V. and VEKA Shipbuilding B.V.), and as a percentage it is observed that Rensen Driessen Shipbuilding B.V. maintains its dominant position in total deliveries (67.76%).
Regarding the ship repair activity carried out mainly by the Agigea branch, the main customer was NAVROM GALATI.

Receivables Allowances

IFRS 7.37(a) Aging of loans and trade receivables at the reporting date was as follows:

	Depreciation 2021	Gross Value 2021	Depreciation 2020	Gross Value 2020
	lei	lei	lei	lei
Before due		14,704,039		366,769
Overdue from 30 days -1 year		4,948,100		
Overdue from more than one year or litigious	(166,620)	166,620	(166,620)	166,620
Total	**(166,620)**	**19,818,759**	**(166,620)**	**533,389**

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

32. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in fulfilling its contractual obligations associated with financial liabilities that are settled in cash.
The Company's approach regarding liquidity risk is to ensure, as far as possible, that it has at any moment sufficient liquidity to settle its liabilities when they fall due, both under normal conditions and under difficult conditions, without incurring material losses or jeopardizing the reputation of the Company.
In order to prevent certain situations that could make the company unable to meet its payment obligations in time, as the company has shown, it has one global ceiling contracted with BRD bank.

Variable rate loans	**2021**	**2020**
Up to 1 year	-	-
Between 1 and 5 years	-	-
Over 5 years	-	-

The Company is exposed to foreign currency risk through sales, purchases and loans that are denominated in their currencies other than the functional currency of the Company, however the currency in which the most transactions are settled is RON.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

32. Financial instruments (continued)

IFRS 7.34 *Exposure to currency risk*

Company exposure to currency risk is presented below, based on national values:

	2021		2020	
	EUR	**USD**	**EUR**	**USD**
	lei	**lei**	**lei**	**lei**
Trade receivables	-	-	-	-
Guaranteed bank loans	-	-	-	-
Trade payables	4,123,172	-	3,955,198	-

In 2021, due to the oscillating evolution of the RON/EURO parity, the Company did not conclude new hedging transactions with derivate instruments in order to prevent the exposure to foreign exchange risk, but two such transactions were completed in 2020.
Currency exchange rates, calculated as the average rate recorded during the reporting year and the previous year and exchange rates communicated by the National Bank of Romania on the last day of the year, were:

Currency	**Average rate**		**Spot rate at the reporting date**	
RON	**2021**	**2020**	**2021**	**2020**
EUR	**4.9204**	**4.8371**	**4.9481**	**4.8694**
USD	**4.1604**	**4.2440**	**4.3707**	**3.9660**

a. Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Interest rate risk is the risk that the value of financial instruments fluctuates due to changes in market interest rates. The company's income and cash flow may be affected by market interest rate fluctuations, but since the company has not, over the past few years, borrowed short and long-term loans, this risk is very low for SNO.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

32. Financial instruments (continued)

b. Capital management

The Company's capital management objectives are to ensure the protection and the ability to reward shareholders, to maintain an optimal capital structure to reduce capital costs.
In order to maintain or change the capital structure, the Company may change the number of dividends paid to shareholders, shareholders capital yield, issue new shares or sell assets to reduce debt.
The Company monitors the amount of capital raised on indebtedness. This rate is the ratio of net debt and total equity. Net debts are calculated as total net cash debts. Total equity is calculated as equity plus net debt.

	2021	2020	Adjustment 2020
	RON	RON	
Total liabilities	9,452,028	6,619,329	1,950,983
Cash and cash equivalents	14,365,368	30,825,273	
Total shareholders' equity	**103,606,604**	**109,056,487**	**1,950,983**

33. Contingent assets and contingent liabilities

a. Litigation and disputes

The company has registered before the courts a number of actions, resulting from the activity of the company. The management of the Company believes that these actions will not have a significant adverse effect on the economic results and financial position of the Company.

b. Taxation

The Romanian taxation system is undergoing a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties (0.1% per day delay until 30 June 2010). Starting at 1 July 2010, the interest is 0.04% and penalties are 5% for a total delay between 30 and 60 days and 15% for a delay over 60 days.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

33. Contingent assets and contingent liabilities (continued)

Starting with July 1, 2013 interest charged for each day of delay were set at 0.04% and the applicable penalty rates for each day of delay changed to 0,02%. For the period, subsequent to the date of 1 January 2016, the interest charged for each day of delay were set at 0.02 %, and the odds of the applicable penalties for each day of delay changed to 0.01%. In Romania, the fiscal year remains open to checking tax for five years. The Company’s management believes that tax included in these financial statements are appropriate.

c. Restructuring

In 2021, the company did not make employees disposal, with an increase in the average number of employees by 4.01% compared to the previous year (2021: 359 employees, 2020: 374 employees). The Company does not have a staff restructuring plan in the future.

d. Administrators remuneration

For the administration activity of the Company, on a management agreement basis, it was agreed to pay a fixed remuneration, issued in the memorandum or the decision of the General Meeting of Shareholders, and a variable remuneration in relation to the achievement of the indicators presented in the revenues and expenditures budget.

The variable remuneration due to administrators is approved by the Ordinary General Meeting of Shareholders approving the annual financial statements and will have as a basis the profit before tax.

e. Onerous contracts

An onerous contract is a contract entered with another party under which the unavoidable costs of fulfilling the terms of the contract exceed any revenues expected to be received from the goods or services supplied or purchased directly or indirectly under the contract and where the entity would have to compensate the other party if it did not fulfill the terms of the contract. These unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it. As at 31 December 2021, the Company had no onerous contracts.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

33. Contingent assets and contingent liabilities (continued)

f. The contingent liabilities related to the environment

Environmental regulations are developing in Romania and the Company has not recorded any liability at 31 December 2021 for any anticipated costs, including legal and consulting fees, site studies, the design and implementation of remediation plans, related to environmental matters. Management does not consider the costs associated with environmental issues to be significant.

g. Insurances

At the end of 2021, the Company has concluded insurance policies for owned vehicles and tangible assets pledged and mortgaged.
In 2021, the company has also concluded group insurance for employees and general manager.

h. Transfer price

Romania's tax legislation has stipulated rules regarding transfer pricing between related parties since 2001. The current legislative framework defines the "market value" principle for transactions between related parties, and the transfer pricing methods. As a result, it is expected that the tax authorities to initiate thorough checks of transfer pricing, to ensure that fiscal result and/or the customs of imported goods are not distorted by the effect of prices in relationships with affiliates.

i. Warranty letters

On December 31, 2021, the BRD bank witch had issued two letters of guarantee in the amount of 456.880 RON in favor of the National Company of the Ports Administration of Constanta and three letters of guarantee in the amount of 1,445,250 EUR in favor of Teamco B.V..

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

34. Related parties

SIF Transilvania SA that owns 49.9998% of the share capital of Şantierul Naval Orsova SA is a self-managed, closed financial investment company, classified as "other collective investment undertakings with a diversified investment policy".

SIF Transilvania SA has its administrative headquarters in Brasov, Nicolae Iorga Street, No.2, Braşov, is registered at ORC under no. J 08/3306/1992 and is identified by its unique registration code (CUI) no. 3047687.

The share capital of SIF Transilvania, worth 216.244.379,70 RON, consists of 2,162,443,797 common nominative shares, issued at a nominal value of 0.1 RON/ share and is traded on Bucharest Stoke Exchange from 1 November 1999.

SIF Transilvania's investment portfolio consists of shares in listed companies and unlisted various industries: tourism, finance, engineering industry, group which includes Şantierul Naval Orşova SA., other branches of the national economy, banks, insurance.

SIF Transilvania SA is administered by a two tier Executive Board structure under the control of a Supervisory Board.

S.I.F. Transilvania aims to administrate investment portfolios and permanently identify investment opportunities in terms of ensuring a reasonable level of investment risk dispersion, in order to give shareholders the opportunity to achieve attractive performance, while increasing capital. Investment portfolios consists of stocks, bonds and other financial instruments, the main sectors in which the company holds interests are tourism, financial sector (banking and non-banking), real estate and energy.
Depository services for financial instruments held in the portfolio are provided by BRD-Groupe Societe Generale, and the Company's financial statements are audited by Deloitte Audit S.R.L. Bucuresti.

S.I.F. Transylvania is a member of the European Private Equity & Venture Capital Association (EVCA) based in Brussels, Asset Managers Association of Romania (AAF) and the Chamber of Commerce and Industry Brasov.

Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

34. Related parties (continued)

During the period ended at 31 December 2021, the Company conducted transactions with affiliated entities (entities controlled by SIF Transilvania SA) as follows:

Acquisitions of goods and services

	2021	2020
	RON	RON
THR Marea Neagră	1,120	-

According to IAS 24 "Related Party Disclosures" section.17-18:

- outstanding balances of receivables and liabilities between related parties are related to commercial transactions and are conducted under terms and conditions similar to terms and conditions which were accepted by third parties and are not guaranteed;
- we cannot provide additional information regarding the given or received guarantees as it was not appropriate to represent;
- We did not establish impairment adjustments on doubtful debts related to outstanding balances and we did not register expenses regarding bad or doubtful debts regarding related parties for which was not the case.

35. Subsequent events

Subsequent to the reporting date - December 31, 2021 - no events were recorded that could significantly affect the financial statements and the current activity of the Company.
An important risk that appeared in the financial year 2020 and that manifests itself in 2022 is the one related to the triggering of the COVID-19 pandemic that affects human activity, but also the economic one. This situation, in addition to the armed conflict taking place on the territory of Ukraine and the international restrictions imposed on the Russian Federation, bring uncertainties in the economic-financial plan and implicitly determines the existence of a risk regarding the possibility of unpredictable evolutions regarding the level of economic-financial indicators budgeted by the Company, respectively reconsideration of the aspects underlying the estimation of inventory values. for the Company's assets.

The separate financial statements were approved by the Board of Directors on March 7, 2021 and were signed by:

Administrator,
Ec. Radu Claudiu Rosca

Prepared by,
Ec. Marilena Vișescu