



ȘANTIERUL NAVAL ORȘOVA S.A.
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Capital social: - subscris 28.557.297,5 lei
- varsat 28.557.297,5 lei
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Cod IBAN: RO96RNCB0181022634120001- B.C.R. Orșova
Cod IBAN: RO59BRDE260SV03176142600- B.R.D. Orșova



REPORT ON THE PROJECT OF THE INCOMES AND EXPENSES BUDGET FOR 2023

Dear Shareholders,

The foundation of the income and expenditure budget for the year 2023 took into account the following:

- for the main headquarters in Orșova, the revenues are related to a number of 7 ships, for 6 ships there are firm contracts. At this time, the company has 2 more contracts under analysis, approval and signing, one of which is for this year and one that will contribute to the proper preparation of production for the year 2024;

- at the Agigea branch, the realization of revenues from ship repair activity at a level close to that achieved in 2022 and the rental of unused spaces were considered; from the activity of renting out the salandas in the heritage, revenues are budgeted, based on a firm contract, in the country, following the rental of a single salanda, for a period of 6 months, with the possibility of extending the contract.

The company continues its efforts to expand its activity in this segment as well, in this sense, offers have been submitted to both internal and external companies; We appreciate that the demand on the shipbuilding market is still at a low level, which has greatly influenced the level of contracting prices, prices that are increasing compared to 2022, according to the latest market analysis.

When substantiating the figures proposed for 2023, an exchange rate of 4.94 lei/euro was used.

The operating income (related to deliveries) projected to be realized, in the amount of 94,750,200 lei, corresponds to an equivalent in Euros of 19,180,202 euros, of which shipbuilding: 16,908,500 euros (88.16%).

The expenses related to the exploitation activity estimated to be carried out according to the BVC are 91,679,200 lei, which means the projection of a gross profit from the exploitation activity of 3,071,000 lei, mainly from the construction and repair of ships carried out at the main office in Orșova . In terms of financial activity, the company projected the realization of financial income in the total amount of 500,000, both on account of the interest related to availability in lei and from exchange rate differences, and financial expenses in the amount of 300,000 lei - from exchange rate differences , which will determine the realization of a profit from this activity of 200,000 lei.

The structure of the ships contracted to be built and delivered in 2022, at the main headquarters in Orșova, totals 4,143 tons and is presented as follows:

- 2 tankers of 110 m length
- 1 Money Maker type tank ship of 110 m length
- 1 container ship of 110 m length • 2 stainless steel tanks of 86 m length
- 1 RORO pontoon

The external beneficiaries of these ships are the traditional ones, especially companies from the Netherlands (Rensen – Driessen Shipbuilding B.V., Gebr de Jonge Schipbuilding) but also from Germany (Gefo Gesellschaft Fur Oel).

When establishing the BVC, the principle of continuity of activity in the period 2023-2024 was taken into account, in the current economic and political context.

In 2023, the company proposes to continue its policy regarding the recruitment of qualified staff and the organization of training courses at the workplace, especially with a view to creating a reserve of personnel due to the increase in the number of employees who are going to retire in the next period.

The current number of personnel (337), together with the traditional subcontractors, ensures the realization of the production program of the year 2023.

Personnel expenses were budgeted at a higher level than in 2022, an increase due on the one hand to the higher volume of production to be realized in 2023, but also to the fact that in the 2023 financial year the company proposed to carry out wage increases through the appropriate indexation of remunerations, which will mitigate the inflationary effects manifested in the economy.

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

Following our analyzes and estimates, these figures are achievable.

Considering the significant volume of intra-community deliveries in the total turnover, the evolution of the exchange rate is very important for achieving the proposed objectives. From this point of view, the company is analyzing the opportunity of concluding during the year 2023 some hedging operations, to protect the exchange rate. At this time, the company has concluded three such transactions.

The expenses for investments included in the BVC project for the year 2023, amount to 1,125,000 Euros, respectively 5,557,500 lei, the most important investment objectives being a mobile crane, adjustable section devices and welding technology. Their financing is to be ensured exclusively from own sources.

General Manager
Eng. Mircea Sperdea

Economical Manager
Ec. Marilena Visescu