

ŞANTIERUL NAVAL ORŞOVA S.A.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ACCORDING TO LAW NO. 24/2017 AND THE ASF REGULATION NO. 5/2018 concerning the issuers of financial instruments and market operations AND OF THE MFP ORDER NO. 2844/12.12.2016 FOR THE FINANCIAL YEAR CONCLUDED ON 31.12.2022

Date of the Report: 9th of March 2023

- **Name of the trading company:** ŞANTIERUL NAVAL ORŞOVA S.A.;
- **Registered office:** 4, TUFĂRI Street, ORŞOVA, MEHEDINŢI County;
- **Telephone/fax:** 0252/362399 0252/360648;
- **Single registration code issued by the Trade Register:** RO 1614734;
- **Registered number with the Trade Register:** J25/150/03.04.1991;
- **Code LEI:** 254900UXAJ8TPIKLXG79
- **Subscribed and paid capital:** 28.557.297,5 lei
- **Number of shares:** 11.422.919 common shares, each of 2,5 lei;
- **Regulated market where the issued securities are traded:** it is a company whose shares are traded on a regulated market, respectively it is listed in the Bucharest Stock Exchange, symbol: SNO
- **The company is registered with ASF– Securities Record Office –** with Certificate no. 111/02.03.1998, updated on 06.10.2008 further to the increase in share capital as a result of the merger.



1. ANALYSIS OF THE COMPANY'S ACTIVITY

The year 2022 was marked by the geopolitical evolutions caused by the war from Ukraine yet also by the inflation effects from the general economic media. In this context, the company's performance was not so great and the financial results were situated under the designed levels for this year.

1.1. Description of the company's core business

a) Description of the company's core business

The main activity of "Şantierul Naval Orşova" S.A. consists in the construction of river ships (CAEN code rev.2: 3011 "Construction of ships and floating structures"). This activity represented 81,01% of the 2022 turnover, most of the ships being exclusively designed for intra-community supplies.

Although in the previous years, at Agigea Branch, the activity which highly contributed to the turnover consisted in renting the ships, especially barges, during the year 2022, the most significant activity for the branch's turnover was that of repair work of river/marine ships (93,06%). The barges in the patrimony of the branch could not be rented during the year 2022. The branch's turnover has known a significant increase since the previous year, by 90,67% which also caused an increase in its total turnover by 9,76% (from 6,70% during 2021 to 16,46% during 2022).

b) Stipulation of the setup date of Şantierul Naval Orşova SA

The company was set up under Government Decision No. 19/10.01.1991, by converting and taking over the patrimony of the former Orsova Shipyard from the Ministry of Transports and Telecommunications.

The company is registered with the Trade Register under no. J25/150/1991.

In 1998, it became a privately-owned company, with domestic and foreign capital through the sale of the shares held by the former FPS (*State Owned Property Fund*).

c) Description of any merger or significant reorganization of the company, its subsidiaries or controlled companies during the financial year

There were no such events in 2022.

The only merger since the company's set up until the present days took place in 2008. It is about a merge by absorption between Şantierul Naval Orşova SA, Mehedinţi County – the absorbing company - and S.C. Servicii Construcţii Maritime SA Agigea, Constanţa County – the absorbed company. Following this merge, the headquarters remained in Orşova and the former company in Agigea became a branch of Şantierul Naval Orşova SA. Occasioned by this, the social capital of the company increased from 21.643.150 lei to 28.557.297,5 lei, and the number of the shares increased from 8.657.260 to 11.422.919 shares, each share having a nominal value of 2.5 lei/share. The social capital and the number of shares has remained the same from the fusion until the date of the present report.

d) Description of assets acquisitions and/or sales:

Acquisitions and sales of assets are described in section 5.4 of this report and in the NOTES to the financial statements for 2022, which are attached to this report.

e) Description of the main results of the company's activity assessment:

1.1.1. General assessment elements for the period under review (year 2022):

- total income, out of which: 59.414.021 lei
 - Agigea Branch 9.714.470 lei
- total costs 63.647.724 lei
 - out of which Agigea Branch 10.310.299 lei
- gross profit, out of which: 4.233.703 lei
 - Agigea Branch 595.829 lei
 - Orsova headquarters 3.637.874 lei
- market share held:
 - the production obtained at the headquarters addresses the market share of intra-community river ships, where the company holds a share of approximately 1 - 2%;
 - the rental of ships (barges) through the branch was done during the last part of the year, within the country where the share is approximately 5%;
- as of 31.12.2022, the company's available funds in accounts amounted to 12.337.431 Lei, out of which:
 - 3.735.772 lei in the Lei account
 - 8.594.763 lei in the foreign currency accounts
 - 5.795 lei, petty cash
 - 1.101 lei other values, in petty cash

The main characteristics of the year 2022, compared with the previous years, could be shortly synthesized by:

- Maintenance of a relatively low demand on the river vessel construction market, on which our company performs activity, even if a price growth was felt for the vessel's sale, that was a consequence of raw materials price increase on one hand and of services, on the other hand. Even under these conditions, the company succeeded in having covered the entire production capacity for the year 2022 and also to preserve an increased level of efficiency to the head-office.
- A decrease in the activity from Agigea Branch in comparison to the previous years was noticed subsequently mainly because of the fact that no solution had been found for the rental of the 5 barges that the company owns at this branch. At the same time it has been noticed a slight increase of the income from the ships' repair activities, income becoming predominant over the branch's turnover yet insufficient to cover the operating costs.
- Our good name which our company has on the shipbuilder market in Europe, highly contributed to obtaining new orders.

More information and comments regarding these indicators and the company's activity are presented under 4 point of the present report and in the NOTES to the financial statements, which are attached to this report.

1.1.2 The assessment of the technical level of the trading company

The work scope of the company is diverse, the two head-offices having different purposes, yet complementary for achieving the scope. Thus, the activities carried out consist in: the construction and delivery of river ships, in the intra-community area (head-office in Orsova), rental of their own barges in the intra and extra-community area and repair of the ships belonging to third parties (Agigea branch). For the construction of ships, the company is equipped with the technical means, the necessary specialists for this type of constructions.

Thus, endowments, technical culture, organizational system, specific technological fluxes for shipbuilding, allow the execution and delivery of inland and maritime vessels of different types and high complexity,

Şantierul Naval Orşova makes available for its clients a wide range of products. At present, it is possible to build any type of river ship for transport of goods (containers, fuel transport tanker, chemical products, food products, pharmaceutical) yet also the building of coaster vessels and passenger vessels.

Company management team manifested and manifest a continuously preoccupation for production process modernization through the acquisition of most modern tools specifically for shipbuilding. Being aware that the company should maintain an appropriate equipment level in according to the actual requests, major investments were done, for the acquisition of modern machinery, tools and equipment specific to shipbuilding. Training courses were done, qualified employees were selected, experience share within the country and abroad, yet also modernization of the already existing installations both at the head-office in Orşova and also at the branch in Agigea. Likewise, competitive equipment specific to shipyards has been imported, respectively (electric cranes 80+25t, board cutting machines with numerical control, painting and blasting equipment, welding sources in gas protective environments) and IT equipment, together with the necessary licenses and programs for a good operation.

If during the years 2013 and 2014 was carried out the modernization and capacity increase for launching and lifting of Orşova's slipway, and at present there are in progress of completion of the modernization/repairing works for Agigea's slipway, which was started 5 years ago and is about to be completed during the year 2023 (initially this action should have been completed during the year 2019, but this could not have been achieved because of objective reasons with reference to the delayed delivery of the 14 new wedge bogies which should replace the old ones, namely locking the slipway with the second coaster, respectively with the ships brought to repairing).

In the year 2022, for the head-office in Orşova, several welding machines, effective and automate were procured, as well as plasma cutting machine, one compressor and 4 industrial vacuum cleaners, IT equipment, one modular scaffolding. Likewise, the process of repair and modernization of the transport and lifting equipment carried on.

At Agigea branch they proceeded with the repair and modernization of the launching slipway, were purchased one industrial washing equipment, two bogies wedge type and the hydraulic bogies were modernized.

The long and fruitful collaboration with partners from the Netherlands may be attributed to the fact that the company, had been aiming at meeting their requirements, especially, by rigorously observing the quality standards imposed. Special care was given to the execution of the touch up work, especially in the esthetical areas.

The implemented quality system is able to cope with the most modern requirements, and the company is certified by Lloyd Register Quality Assurance. The company has obtained during the year 2019 also the Quality System Certification in compliance with the new standard DIN ISO 9001:2015 (the certificate no. 10186440 field "Construction and repair of ships and boats").

SANTIERUL NAVAL ORSOVA SA has at its disposal:

- A Quality Manual – revision 4/12.01.2015
- Procedures :
 - Documents control – revision 1/03.03.2011
 - Registration Control – revision 1/27.05.2014
 - Control of non-conform product – revision 2/ 12.01.2018
 - Corrective actions – revision 2/12.01.2015
 - Preventive actions – revision 2/12.01.2015
- Working instructions
 - Purchased material/products' acceptance
 - Release from storages – revision 1/13.10.2012
 - Testing the product provided by the Client – revision 1/13.01.2012
 - Maintenance of the equipment– revision 1/08.11.2012

The favorable technical situation of Orșova Shipyard represents the premises for long-lasting progress and is given by the following facts:

- good locations for both the headquarters in Orșova (town situated on the Danube's bank) and the Agigea Branch (Constanța harbor);
- adjustment to the market demands is highly possible, the medium-sized shipyard opens the perspective of business diversity;
- pollution is at normal levels, (pollution does not constitute any disturbing factor);
- range of external deliveries and services is beyond 81% from the turnover;
- personnel structure is balanced and correlated with the requirements of the technological process; we have noticed, though, an increase of medium age of personnel, in parallel;
- endowment with specific fixed assets is to an acceptable level, comparable to other competing shipyards; in this respect and many years ago, the company has started an investment program aimed, on one hand, at increasing the weight of active fixed assets, and on the other hand at replacing obsolete fixed assets with more efficient ones that can lead to enhanced productivity; by means of this strategy, the company intended to ensure increased flexibility and efficiency of fixed assets and bringing them to a technical and technological level that would allow global alignment and building of products that meet the standards required by foreign partners;
- procurement of ships mean the conclusion of direct contract agreements with the shipyards equipping the ship hulls or with European seafarers;
- for shipbuilding, there is a certain stability of intra-community clients (from Netherlands, Belgium, Germany, Austria);

The year 2022 did not bring any major modifications regarding the shipbuilding requests for marine/inland vessels, these being at a medium level, even most recent information from the ship market shows that the present situation will be preserved also during the year 2023, and also during the years to come. This is the reason why we consider that a strategy for future should be realistically analyzed, in order to can find – continuously- prices and financing policies to ensure the continuity of the activity under performance and competitive terms.

1.1.3 Assessment of the technical supply activity (domestic sources, foreign sources imports).

In the year 2022, there were some major changes in terms of main supply sources of raw materials and materials, yet it was insignificant. As in the previous years, the equipment was mainly bought from domestic ISO certified suppliers according to the European norms and standards. Still, when after analyzing the quality-cost ratio, it turned to be more favorable to the import or intra-community procurement, the company chose that version; we especially refer to the ship plates, stainless steel plates, pipes, profiles. In terms of intra-community acquisitions, we mainly talk about those materials that are not produced in Romania or for which the clients have imposed a certain quality standard; such materials are laminated parts and paints for river/marine ships. Also, according to the handover conditions, the transport of ships to Germany/Netherlands was mainly done on the segment Orsova-Regensburg, and on the route Regensburg-Rotterdam with non-resident intra-community services providers (CLASSIC CHARTER GMBH – GERMANY, VIGILIA TRADING BV – THE NETHERLANDS) .

Material inventories were always at an optimum level, which ensured business continuity, hence there were no interruptions in the manufacturing process due to lack of raw materials and materials.

The main domestic suppliers of raw materials and materials, according to the value of the supplies and to their importance were:

- LIBERTY ARCELOR MITTAL GALATI: for medium and thick plates;

•DUCTIL Buzău:	welding consumables;
•LINDE GAZ Timișoara:	technical gases
•S.C. PENTAGON SRL TECUCI:	grinding stones
•NIMFA COM SRL BUC.:	pipes and various profiles
•MIRAS INTERNATIONAL TARGOVISTE	various profiles
•TRIVALENT RM. VALCEA	pipes and various profiles
•NORDEX TG. JIU	safety gloves and glasses, filters
•EURONERA DISTRIBUTION	gloves, screens, safety goggles, filters

Among the external suppliers of materials, the main are the following:

- JULIUS HANDELS GMBH from Austria for profiles and pipes,
- INDUSTRIAL BELGIUM, for stainless steel plates

The subcontracting of certain specific operations carried on also during the year 2022, yet at a more increased level than in the previous years. These collaborations were necessary for the progress of the activity, referring to hull painting, steel construction, hull equipment, hull transport, etc. Among the collaboration companies we are mentioning the most important:

- MANELI SERV	ship painting;
- SHIPBUILDING CONSTRUCT	metallic structures
- GRIMEX SRL TARGU JIU	ship equipment parts and metal constructions
- UZINA ROMINEX	metallic structures
- ECO STEEL SOLUTION SRL	for the ships' repair activity
- BERG BANAT	zinc coating

1.1.4 Assessment of sales activity

Turnover knows per total a decrease by 22,37 %, from the previous year because of the decrease from the income of the ships' building activity. These incomes have decreased by 21,9% while the income from the ships' repair activity have known an increase – by 148,07% from the year 2021. The turnover was realized, and specially, due to the external deliveries and external services: intra community for the vessel built in Orsova and extra community for incomes resulted from renting the ships and repair of ships, from Agiea Branch.

All 4 vessels finalized and delivered from Orsova in 2022 were scoped to be delivered to the intra-community market.

Please see below a comparative statement for the last three years, expressed in percentage of total ship delivered (according to IFRS 8):

<u>CLIENT / BENEFICIARY</u>	<u>YEAR</u> <u>2020</u>	<u>YEAR</u> <u>2021</u>	<u>YEAR</u> <u>2022</u>
RensenDriessenShipbuilding B.V. (NL)	64,53%	67,76%	77,07%
VEKA Shipbuildng B.V. (NL)	18,32%	17,88%	-
GEFO GESELLSCHAFT FUR OEL	-	-	22,93%

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Transp. (DE)		-	-
Vos Interceptor (NL)	17,15%		
ZanenShipbuilding B.V. (NL)			
TEAMCO BV	-	14,02%	-
ASTO B.V.	-	0,34%	-
TOTAL	100%	100%	100%

According to the above-mentioned information, the company Rensen Driessen continued also in 2022 to detain the first position regarding the amount of the deliveries.

The contractual payment terms were ensured either through advance payments from 10% up to 30% and payment of the difference through letter of credits.

For the future, just as during the previous years, the main concern of the board and executive management is to find solutions for concluding contracts at prices that would ensure development in cost-effective conditions and with guaranteeing the price payment. This is also due to the fact that under the new foreign conditions on the market in which we operate, rapid and unexpected changes can always occur from one day to another.

Under the new market conditions, competition in this activity field is quite tough, because most orders come from the European Community and business partners are more demanding in terms of quality work. The company has a technical and technological level that meets these requirements and we believe it is able to win more contracts compared to its competitors.

The company's main competitors in terms of shipbuilding and repair works are the following, just as in the previous years:

- Domestic – all shipyards
- Abroad – especially shipyards in China and Korea, and then Poland, Serbia, Turkey, Slovakia, Czech Republic and Ukraine.

1.1.5 Assessment of aspects related to employees / company staff

The most important resource of the company is the human resource. During the year 2022, considering the fact that the employees' average age is increased and the structure per age is imbalanced, the company had to undergo a real risk with regards to the employees because there were many employees that were retired and left the company. Thus, there were steps taken at executive level by recruiting new skilled workers in the trades of welders and locksmiths who will replace those who left, especially because of retirement. Related to the company's staff, we may conclude the following:

- on one hand, it is registered an aging phenomenon of the staff, which will continue also in the next period;
- on the other hand, it is registered a decrease of qualified staff number, especially on the main works (welders and locksmiths) this fact forced and forcing us to outsource some steel construction works, fact which will not be present concurrency at the hiring.
- Not on the last place it is a growth of working force fluctuation.

Nevertheless, during the year 2022, the number of staff increased by 4,74% in comparison to the year 2021.

The average number of employees throughout 2022 is 342 employees compared to 359 employees in the previous year. As of 31.12.2022, the number of employees was of 349, out of which 309 at the headquarters in Orșova and 40 at the Agigea Branch.

Out of the total number, as of 31.12.2022, the situation per activity sectors is as following:

- 347 – industrial activity
- 1 – canteen activity
- 1 – medical activity

The structure is as following:

- 44 – technical, financial, professional and administrative staff, out of which:
 - 38 – employees in Orsova (out of which 32 with higher studies);
 - 6 – employees in Agigea (out of which 5 with higher studies).
- 4 foremen, out of which 4 in Orsova;
- 301 workers, out of which:
 - 267 employees in Orsova;
 - 34 employees in Agigea.

Personnel structure in terms of gender is as follows:

- men – 300 persons (309 in the previous year);
- women - 49 persons (52 in the previous year).

During the year 2022, a number of 58 new employees and 70 releases were registered; the latter were released through: retirements, dismissals for reasons of employee's character, expiry of the individual labor contract and with agreement from the parties, the latter being the most common cause. We mention that, subsequently to a work accident, two of our employees have deceased.

A permanent preoccupation of the company's management was to improve the skills of its employees, to preserve their health status, wages' increase, all having an effect in an increase of performance at the work place.

At the level of the company, there are legally, two unions formed.

The man power union percentage is 74,78 %.

With regards to the employees' rights from the Collective Contract agreement, these were negotiated thus they provide the profitability of the activity, yet at the same time a balance between the two parts. During the year 2022, no conflictual aspects had been noticed between the employees and the management of the company.

Other aspects concerning the employees/the company's staff have been shown in the NOTES to the financial situations which are integer part of the present report.

1.1.6 Assessment of the impact of the company's core business on environment

The environmental politics of the company Santerul Naval Orsova SA is based on the principles of caution, prevention and correction of the pollution to the source. As a whole of actions, documents or programs that identify, describe and assess the potential material effects on environment, the environmental policy of SC Santierul Naval Orsova SA is closely related to both the company's economic policy and compliance with the principles of the European Directives on environment protection (CE Directive 2002/42/CE, SEA Directive 2001/42/CE and Habitats Directive 92/43/EC, Directive 2004/35/CE, Habitats Directive 92/43/EC, Directive 2004/35/CE concerning the responsibility for the prejudice brought to the environment and DRM Directive), as well as the company's social-economical politics.

The company's environmental politics has been acknowledged by the entire company's staff, being analyzed periodically, for a permanent adjustment to the changes that may occur on the environment factors, under the terms in which the entire activity is developed in an area protected by law, in the area of the National Park "The Iron Gates".

By acknowledging the importance of defending the environment, by limiting the negative impact, the entire staff of the company is carrying out their activity in compliance with the following principles:

- Observance of the Romanian legislation on the environment and falling into the directives of the European Union;
- Suppress the impact of the company's main activity on the environmental factors;
- Systematic assessment of the accidents' risks and drawing up the measures of prevention;
- integration of environmental considerations in the development and adoption of the company's plans and programs;
- better use of primary resources of raw materials and energy, hence minimizing waste, waste water, air and water pollution, and decrease of costs per product tons;
- continuous improvement of environmental issues, especially the material ones, according to the environment management programs, action plans (integer part of the environmental permit) with targets, objectives, timelines and responsibilities;
- increase education related to environment protection by providing the organizational frame and implementing projects on waste water disposal, waste storage (especially hazardous ones), soil protection;

The company has a monitoring system for all environment factors by specialized institutes and companies, based on firm contracts. The collection and valuing activities, respectively the removal of waste resulting from the production processes is done selectively, by observing the provisions under the imperative dispositions from the GO 856/2002 with regards to the waste management and for the approval of the list that includes the waste including the dangerous waste, only through authorized companies, based on firm contracts.

The impact on the environment because of the heating activity together with the hot water supply for the company's employees is insignificant, given the fact that starting with 01.09.2010, the thermal plant has been sent to preservation, the heating of our unit (of the administrative center and of the lockers) being at present made with 8 (eight) power plants for heating of hot water, each having 36 kw and one of 24 KW, type ROMSTAL EKCO.L1.

In the same idea, in the second half of 2019, the modernization of the company's equipment started, operation which has been completed at the moment, in order to restrict influence on the environmental factors.

During 2022, the company fulfilled all the obligations resulting from the Environment Permit no. 21/27.02.2013, valid up to the present date, approved by the National Agency for Environment Protection Mehedinti for the period 27.02.2023-27.02.2024, complying also with the obligation of self-monitoring discharged wastewater imposed by the Waste Water Management Permit no.57/21.09.2022, avoiding the occurrence of any effect with a negative impact on the environment. (proof is the inspection documents issued by the representatives of the environment authorities that are without any measure of correction during 2022).

1.1.7 Assessment of research and development activities

Just as in the previous years, during 2022 the company did not record any research and development expenses, and for 2023 it does not intend to incur such expenditure, due to the fact that the technical design of the built ships is usually provided by clients or they use designs bought in previous years with the right to use them at new constructions to be done in the future.

1.1.8 Assessment of company activities regarding risk management

Starting from the specific of the main activity of the company, respectively shipbuilding and floating structures construction, and also fact that our products are sold in intra community area, can be identified a series of risks. In this moment, because of the concurrencies medium, of quick swings at European level and worldwide it is normal as the exposure degree (vulnerability) at risks to be much higher than in the past periods.

Also, therewith the company felt and still feels, fully, the effects of the economic and financial worldwide crisis.

Therefore, the list of potential risk sources could include:

1. market risk
2. price risk
3. currencies risk
4. environment risk
5. information security risks
6. cash-flow risk, etc.

As it was shown before, the decrease of ship request, accompanied by lowering of selling prices, as an effect of worldwide economic crisis, affected in latest years, including 2022, directly, the company's activity.

To overcome this difficult period, the executive staff had to initiate actions and program aimed at helping with costs management, thus ensuring its resistance on the river ship market. This aims at reducing costs according to the evolution of foreign markets, which continues to be a basic concern of the company's management.

Considering the estimates/forecasts on the exchange rate developments for 2022, the company made some small transactions for covering the currency risk (hedging). These operations with derivatives had been concluded at a parity, above the official one from the respective period, which contributed to a favorable difference in the exchange rate for 2022 from such operations to be of approximately 468 thousand of lei.

Also, to assure a better security of informatics system and data basis, company continued the action started in the previous years- when the entire computer network was reconstructed and an informatics system based on Oracle technology was bought – by purchasing new IT equipment which ensure security.

Other aspects related to the risk management (credit, currency, liquidity) have been submitted in the NOTES to the financial statements, which are an integrant part of this report.

1.1.9 Perspectives on the company's activity

The year 2023, analyzed both in terms of the external factors which are market regulated and the geopolitical context, as well as the internal factors (inflation, manpower), is estimated as a difficult year.

In terms of the company's business perspectives, we can say the following:

- the company has over 31 years of experience in shipbuilding and repairs; these are performed at quality standards imposed by foreign clients and the company's name is already well-known to the West-European shipbuilders;
- the company's activity will be influenced herein by the uncertainties concerning the market requests on which we operate;
- At present, the company has concluded contracts for 2023 which assure the covering of production capacity 85,21%. Negotiations which are done in the present, for new contracts signing, give us a perspective of activity continuation, by new contract signing, for the next years also;
- with regards to the Agiea Branch, it currently has 6 ships (hydro-clap barges, floating cranes, which are described at section 2.1 b of this report), out of which 5 barges have been repaired and obtained the exploitation authorizations; because of the economic and political context, during the year 2022, they were not rented at all, and at present the branch avails of the necessary facilities and capacity in order to carry out ship building and repair works, the activity of ship repair works having known an increase from the previous years.
- Considering the concluded contracts, the production structure and salary costs evolution and those with raw materials and materials, the company has foreseen in the Budget of income and expenses for the

year 2023 on an amount of income, expenses and profit that are higher to the one accomplished during the year 2022.

- The efforts to reduce the production costs will be carried on so that the company becomes more competitive;
- the company also intends for 2023 to have higher investments, consisting in:
 - o Continue works for finalizing the modernization of the slipway at Agigea, namely replacement of wedge bogies; this work will be finished during 2023 and will increase safety of ships lifting-launching operations;
 - o Welding machines acquisitions, especially for the head-office in Orsova (welding techniques and robots)
 - o Purchase of auto-crane of 47 t
 - o IT equipment
 - o Purchase of ventilation systems and gas detection equipment
 - o Purchase of machinery and equipment for mechanical cutting
 - o Purchase /fabrication of special tools and devices
 - o Modernization of cranes
 - o Modernization of technical platforms, inner roads and buildings
 - o Purchase of machinery and equipment specific to the ships' repair activity

2 COMPANY'S FIXED ASSETS

2.1 The company's main production capacities are located at the headquarters in Orșova (4 Tufări Street, Orșova, Mehedinți county), and at the branch in Agigea, at the premises of Constanța South Harbour, Constanța County.

During the year 2022, no major change was produced in their consistency, the biggest expenses of investment were those related to the repair, replacement and modernization of the existing ones, as shown. a) In Orsova, the company owns, at the administrative head-office, a total surface amounting to 85.790 sm, confirmed through excerpts of Land Register.

The fixed assets at the headquarters in Orșova are mainly formed of:

- a lifting-launching hold of 1,800 t with ten wires on a length of 100 linear meters – used for launching ships with a maximum length of 135 linear meters and a width of 15 linear meters, which one was modernized in 2014;
- a technological platform that allows the simultaneous assembly of 5 ships and the execution of sections and block sections related to shipbuilding;
- 5 portal cranes of 80+25 t purchased in recent years for the assembling platform and 2 portal cranes of 16 t together with 2 magnetic beams for handling plates in the plates warehouse and the blasting station and also a 5 t Gantry crane, purchased during the year 2019; these offer much more safety and lead to increased productivity by replacing the existing crane trucks, which were worn out and obsolete;
- 1 cutting machine in OMNIMAT coordinates based on computer programs and 4 with OMNIMAT plasma, commissioned in 2007 and 2009, 2018 and 2021;
- Hydraulic press for plate bending, bought in 2017
- Compressors (4 pcs.) type ACU 9 L8 from HAFI;
- a horizontal automated blasting and painting line purchased in 2009 for plates of up to 3000 mm width;
- buildings, storages, material warehouses, administrative building, a floating dock;

- cranes of 10 - 50 t, welding and painting equipment, plate rolling machine, 2 hydraulic bending-off presses for profiles of 200 t for profiles moulding at the retreat areas (stern, fore part), etc.

b) At the Agigea Branch, the company owns 210 square meters of land located in Constanța, with a building where the company's former administrative headquarters was located until 2009, before the merger. Currently, the company's offices are in Agigea, and the building in Constanța, in the year 2016 was put in conservation, lacking solutions for renting. During the last period of 2019 this building was rented, being re-classified as real estate investment. The rental contract was extended up to the end of 2023, including clauses with regards to the renegotiation of the fee at every 5 years and a value of the annual rent subject to indexation. The cadastral in tabulation work was suspended until the litigation with the Town Hall in Constanta is closed, this litigation concerns certain amendments brought to this building by the old owner. During the first half of the year 2022, the works ordered by the surface of 57,710 square meters in Agigea, where the branch currently develops its activity, is property of the State-Owned Company "Administrația Porturilor Maritime Constanța" (Administration of Maritime Harbours), and the branch has a usage contract for the harbor area with this company.

Main fixed assets owned by the Branch are the same as in the previous years, mentioning that within the year 2021 were carried on a series of expenses for repairing and modernizations of the slipway.

Regarding the slipway, within year 2015 was done the first stage of replacing damaged railways, in the year 2016 was solved problem of traction system for vessels launching, improvement action continues also along 2017 and 2018. In 2019, the investment plan considered also the replacement of the wedge bogies at this stowage. The 7 bogies which must be replaced had been delayed because of the high amount of repair works at the ships and the impossibility to lock the slipway to allow the carrying out of the replacement works of the bogies.

The main existing endowments from Agigea branch are:

- 6 marine ships of different types and capacities, out of which:
 - o 5 MIDIA hydro-clap barges 940 m³ (with own propulsion);
 - o 1 floating crane of 60 t without propulsion;
- building and launching slipway for lifting ships, has 14 files, on whom can be executed works of launching/lifting up vessels, with the following sizes:
 - o maximum length = 90,00 m
 - o maximum width = 18,00 m
 - o maximum height = 3,60 m
 - o empty weight of the ship = 1,800 t
- 1 travelling crane 16 feet x 16 m/ 8 feet x 32 m;
- 2 KB cranes 674,25 feet x 15m/8 feet x 35m;
- 1 portal crane of 80 t purchased in 2008;
- a horizontal automated painting and blasting line purchased in 2009 for plates up to 3000 mm width;
- production halls (for metallic works, engine assembly, ship equipment);
- technical gas network;
- workshops for woodwork activities, electric repairs, turnery (with the possibility of processing parts with a maximum diameter of 600 mm and maximum length of 11.000 mm with a gantry crane of 5 feet x 16,5 m), etc;
- covered and uncovered storage areas:
- material warehouse 60 x 60 = 3600 square meters;

- work platform 40 x 30 = 1200 square meters;
- work platform 120 x 40 = 4800 square meters.

2.2 Description and analysis of the company's properties of wear degree

At 31.12.2022, the company proceeded to re-evaluation of the group of ships, in compliance with accounting policies of the company reflecting the results of this assessment in the financial situations drawn up for that year. The net book value of the company's non-current assets as of 31.12.2022, after re-assessment is presented below:

The revaluation was performed by a company authorized by ANEVAR (*National Association of Certified Evaluators*), and the results were recorded and disclosed in the financial situations of the year 2022; the company has done a special report in regards to the results of this operation detailed, in order to be presented to shareholders for approval, report which completes this presentation.

Part of the fixed assets from the category of equipment was in conservation in the past years and was in the same situation at 31.12.2022 while others were taken out of use during the year. For this category of fixed assets (other than buildings) there were constituted depreciations in the total value of 395.780 lei.

The input value by categories and the value of assets depreciation, as well as other information on non-current assets are presented in the NOTES to the financial statements.

2.3 Potential issues related to property rights on the company's tangible assets

At this moment, the company has no other litigations regarding property rights.

3 MARKET OF SECURITIES ISSUED BY THE COMPANY AND CORPORATE GOVERNANCE

3.1 Romanian and foreign markets where the company's securities are traded

The shares of Șantierul Naval Orșova are listed and traded since 1998 at the Bucharest Stock Exchange with the symbol SNO. In this moment shares are traded on STANDARD category. S.C. Depozitarul Central S.A. keeps the shareholders' registry, according to the contract no. 30808 dated 09 September 2022.

The company's securities are not traded on other domestic or foreign markets.

The share capital of Șantierul Naval Orșova SA did not register changes in 2022.

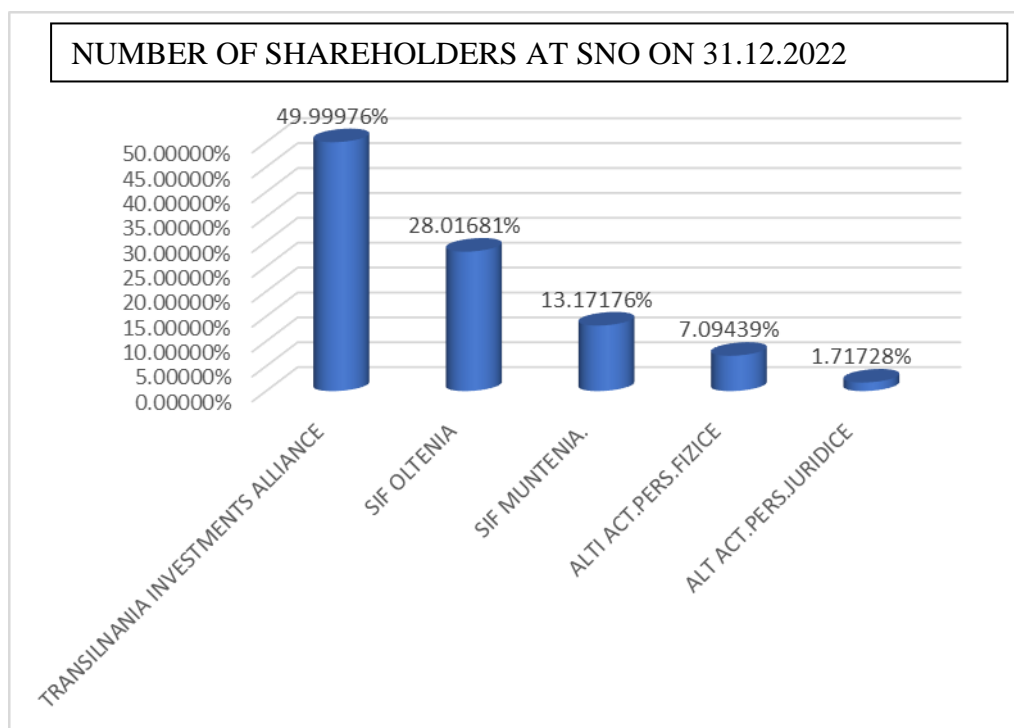
According to the shareholders' registry, as of 31.12.2022, the structure of shareholders is as following:

DENOMINATION	BALANCE AS OF 31.12.2022	BALANCE AS OF 31.12.2021
LAND	1.201.941	1.201.941
CONSTRUCTIONS	19.796.944	20.060.165
TECH. INSTAL. AND TRANSP. MEANS	15.430.898	15.641.959
OTHER INSTALL, EQUIP. AND FURNIT.	76.778	64.602
REAL ESTATE INVESTMENTS	1.033.196	-
ASSETS IN PROGRESS	1.220.026	3.564.578
TOTAL	38.759.783	40.533.245

<u>Shareholders</u>	Number of shares	Sum (Lei)	Percentage (%)
Transilvania Investments Alliance	5.711.432	14.278.580	49,9998
SIF 5 Oltenia	3.200.337	8.000.843	28,0168
SIF 4 Muntenia	1.504.600	3.761.500	13,1717
Alți acționari persoane fizice	810.386	2.025.965	7.0944
Alți acționari persoane juridice	196.164	490.410	1,7173
	<u>11.422.919</u>	<u>28.557.298</u>	<u>100,000</u>

We stipulate that during the month of January 2022, the Company for Financial Investment Transilvania S.A. (SIF Transilvania) changed their name, according to the resolution after the general extraordinary meeting of the shareholders from the date of 28.01.2022, from S.I.F. Transilavnia S.A. Brasov in Transilvania Investments Alliance S.A. Brasov.

The structure of the company's shareholders is given in the graph below:



The subscribed and paid in capital is of 28.557.298 Lei, divided into a number of 11.422.919 nominal dematerialized shares, each in amount of 2.50 Lei.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR FINANCIAL YEAR 2022

Compared to the shareholder's structure as of 31 December 2021, no modification has been noticed in 31.12.2022, in what the ownership of significant shareholders are concerned, yet a slight increase of shareholders legal persons has been noticed, compared to shareholders natural persons. The company's shares are ordinary and indivisible.

The identification data of each shareholder, their contribution to the share capital, number of shares and participation weight in total share capital are mentioned in the shareholders registry held by the registrar company (Depozitarul Central București).

According to the law, each share subscribed and paid in by shareholders gives them the right to a vote in the General Meeting of Shareholders, the right to elect or to be elected in the company's governing bodies, the right to participate in profit distribution or any other rights deriving from the shareholder position.

By holding the share, the shareholder automatically adheres to the company's articles of incorporation and subsequent amendments.

The evolution in share of the company Santierul Naval Orsova SA, for one year, respectively for 5 years, together with the amount of shares traded during this period, has been represented in the graph below (source: Stock Exchange Bucharest).

Published on TradingView.com, February 28, 2023 08:28:01 EET
BVB:SNO, D 0:5,1500 H:5,1500 L:5,1500 C:5,1500



TradingView

Published on TradingView.com, February 28, 2023 08:26:34 EET
BVB:SNO, M D:5,2500 H:5,5500 L:5,1000 C:5,1500



According to the data shown on the BVB site, the variation range of the trading cost from the previous year was between 3,62 lei/share and 5,95 lei/share (increase by 64,36%). Related to the last 5 years, we notice that the smallest trading cost was registered at the beginning of December 2018 (2,3850 lei/share), and the biggest price was recorded at the beginning of May 2021 (7,3322 lei per share).

3.2 Description of company's policy on dividends

With retrospection on the last years, we may conclude on the following, in relation to the policy of dividends:

- Approach regarding net profit destination was different, in compliance with the level of profit, shareholder's interests and respecting the legal dispositions.

- Up to 2009, as long as amounts in the income statement were more significant, the General Meeting of Shareholders approved the distribution of dividends from net profits, which represented approximately 50-60% of net profit. The value in Lei/share was between 0.4-0.75 Lei/share. Size, in absolute value of the gross dividend per share, was established according to the performances of the company. During the entire period where the dividends' distribution was approved, their payment was done within the term concluded by the General Meeting of the Shareholders, without being registered delays or complaints from the share-holders.

- During the period 2010-2011 when the profit was at a relatively low level, the General Meeting of Shareholders decided this amount to remain at company disposal, as own financing source, without being distributed dividends.

- In the year 2012 and 2013, the company registered losses, thus dividends distribution was not possible.

- In the years 2014 and 2015, the company registered a profit, it being used for partial coverage of losses from the previous years.

In the year 2016, after covering losses from previous years from "Other reserves", the net profit for this year was distributed according to the Decision of the Ordinary General Meeting of Shareholders from 07 April 2017 for: the payment of a gross dividend amounting to 0,2 lei/share

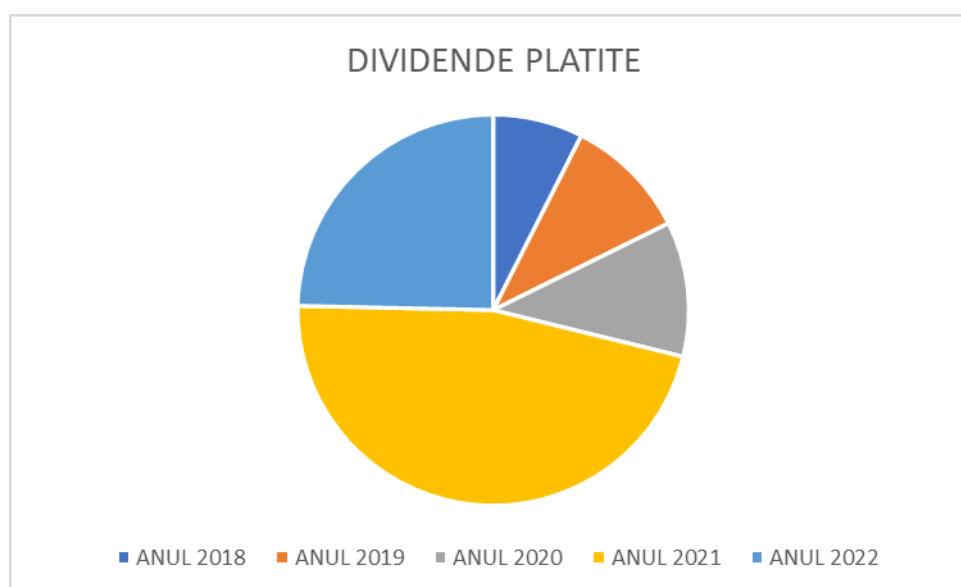
- For the fiscal year 2017, a gross dividend of 0,16 lei/share was approved, for 2018, the amount of the gross dividend was 0,22 lei/share and during 2019 the gross dividend approved was 0,24 lei/share.

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR FINANCIAL YEAR 2022

- for the year 2020, the General Meeting of the Shareholders have approved the allotment of the gross profit amounting to 1 leu/share, out of which 0,38 lei/share allotted from the net profit of the year 2020 and 0,62 lei/share as gross additional share allotted from the result reported.
- during the year 2021, the company has not registered any net profit.
- during the year 2022, at the AGOA meeting from 24.11.2022 (Resolution AGOA no. 55) it is approved the allotment of the amount of 6.054.147,07 lei, namely a gross dividend of 0,53 lei/share, from the profit restructured of the passing of the amount from the balance as of 31.12.2021 of the account "Other reserves" into the account of dividends, subsequently to the return on the divisions of the net profit approved by AGOA in the previous years.

The evolution of the dividends paid by the company, within the last 5 years has been represented in the graph below:

Payment date	Gross dividend lei/share	Paid dividends	Source		
			Net profit of the previous year	Reported result	Restructured profit from other reserves formed in the previous years
16.07.2018	0,16	1.827.667,04	1.827.667,04		
30.09.2019	0,22	2.513.042,18	2.513.042,18		
31.08.2020	0,24	2.741.500,56	2.741.500,56		
30.06.2021	1	11.422.919,00	4.340.709,22	7.082.209,78	
22.12.2022	0,53	6.054.147,04			6.054.147,07



3.3 Description of any activities relating to purchasing own shares

From the set up to current days, there was no decision on the purchase of own shares, so that the company did not incur such operations.

3.4 Number and nominal value of shares hold by subsidiaries

The company does not have subsidiaries in other cities. Starting with 2008, Șantierul Naval Orsova has a branch in Agigea, as mentioned at section 1.1 c).

3.5 Issuance of bonds and/or debt securities

The company did not issue bonds or other debt securities in 2022 or in the previous year, hence there are no liabilities towards holders of such securities.

4 MANAGEMENT OF THE ISSUER

4.1 Șantierul Naval Orșova S.A. is unitarily managed by the Managing Board consisting of 5 members, appointed by the General Meeting of the Shareholders through cumulated vote.

The General Meeting of Shareholders (AGOA) of 28.12.2021 appointed the company's new Board of Directors for a period of 4 years, with the following structure:

- MISTER ROȘCA RADU-CLAUDIU – Romanian citizen, aged 50, economist. On 31.12.2022, he did not own any shares, of the company's social capital;
- MISTER ENESCU RADU-VALENTIN – Romanian citizen, aged 53, engineer. On 31.12.2022, he did not own any shares, of the company's social capital;
- MISTER SPERDEA MIRCEA-ION – Romanian citizen, aged 69, engineer. On 31.12.2022 owned a number of 12.000 shares, representing 0,11% of the company's social capital;
- MISTER ZOESCU MIHAI – Romanian citizen, aged 43, economist On 31.12.2022, he did not own any shares, of the company's social capital;
- MISTER MIHAI CONSTANTIN-MARIAN – Romanian citizen, aged 56, lawyer. On 31.12.2022 did not own any shares, of the company's social capital;

The company does not have knowledge of agreements or family relationships between the board members and other persons, due to which the board members could have been appointed to these positions.

According to the legal provisions and those included in the company's articles of incorporation, the Board of Directors had several meetings (12) in 2022, either physical or online, by phone and e-mail, in order to analyze and discuss the company's current issues, which fall under the responsibility of this governing body.

The main issues discussed, analyzed and approved in the meetings of the Board of Directors in 2022 refer to:

- organizational measurements precursory to the General Meeting of Shareholders from 2022,
- analysis and approval of the financial statements,
- substantiation of the BVC, analysis of accomplishment in comparison to the BVC provisions,
- analysis of the evolution of the litigation with the company VEKA (NL),
- approval of global ceilings in relationships with banks,
- approval of internal audit plans and analysis of the internal audit engagements' conclusions,
- approval of goods' disposals and decommissioning, and also of other aspects which depend on the approval of the Managing Board.

- approval of wages' increase that had been negotiated with the trade unions, solving various requests of the trade unions related to the salaries and other current issues on the agenda
- Analysis of the wages' costs and deviations between the preliminary calculation and the post-calculation concerning the new constructions;
- Analysis and approval of operational measures at Agigea branch.
- Return to the allotment approved by AGOA in the previous years of the net profit and distribution of dividends from the restructured profit.

4.2 As regards the executive management, we highlight that starting with March 2011, the Board of Directors has validated the appointment of Mr Mircea Ion Sperdea as General Manager, by concluding a mandate agreement. On April 2015 the mandate of Mr. Sperdea Mircea Ion was extended for a 4 years period. On April 2019, the mandate of Mr. Sperdea Mircea Ion was extended for a period of 1 year, namely until April 2020. In April 2020, the mandate was extended for a period of 4 years, and in October 2020, the new Managing Board selected during the AGOA, from 02.10.2020 had concluded a new mandate contract with Mr. Sperdea Ion Mircea, for a period of two years. During the month of November 2022, the Managing Board of the company decided the extension of the mandate contract of Mr. Sperdea Ion Mircea for a period of 4 years.

On 31.12.2022 the executive management has the following structures:

- | | |
|------------------------|------------------------------------------------|
| - Ing. Sperdea Mircea | - General Manager |
| - Ec. Vişescu Marilena | - Economical Manager |
| - Ing. Stoinel Florin | - Technical Manager for Production Preparation |
| - Ing. Lascu Adrian | - Agigea's Branch interim in charge |

Mr Sperdea Mircea was previously the head of the company's supply department. In 1996, he was promoted to commercial manager and between November 2000 and the end of 2010 he was appointed second general manager.

We inform the shareholders that according to the legal provisions (amendment to Law no. 31/1990 – Company Law, republished), the company suspended the employment contract of the general manager as of 1 March 2011. The company, represented by the president of the Board of Directors – Mr Fercală Mihai - and Mr Mircea Ion Sperdea have concluded and signed a mandate agreement for 2 years and this one was extended successively as shown. This agreement refers to the fact that based on the delegation provided by the company's Board of Directors, the General Manager shall exert some of the management attributions of this body, to the extent permitted by the law and in order to fulfil the company's activities. As of 31.12.2022, Mr Sperdea Mircea held a number of 12,000 shares, representing 0.11 % of the share capital.

Miss Vişescu Marilena was employed at this company, during the year 1987, immediately after having graduated the Economical Sciences Faculty in Craiova, with specialization in finances -accounting, as economist. Starting with 01.11.1990, she was promoted to head of the accounting department until 30.06.2019 when she was promoted to economic director. On 31.12.2022, she owned a number of 10 shares at the company Santierul Naval Orsova SA.

Mr Stoinel Florin graduated the Mechanics Faculty of the Timisoara "Politehnica" University in 1995 and was immediately employed as an engineer with the Design Department of Şantierul Naval Orşova SA. During 01.10.1998 - 14.11.2005 he was the head of the Design Department within Santierul Naval Orsova SA and on 15.11.2005 he was appointed technical manager in charge with preparation of the fabrication process. On 31.12.2022 he owned a number of 400 shares in Şantierul Naval Orşova SA.

Mr Lascu Adrian graduated the Ovidiu University Faculty of Engineering in Constanta, with a major in Naval machinery and equipments in 1995. Starting with April 2005 he was chief engineer of repair works at the former company Servicii Construcții Maritime SA Constanța, carrying on this activity on this position also after the merger between SCM and Santierul Naval Orsova S.A. Starting with September 2021 he is also an interim responsible in charge of Agigea Branch. On 31.12.2022, he did not own any shares in SNO.

Except for the general manager, who has a mandate agreement with the company, as already mentioned, all the other directors are appointed as executive directors by the Board of Directors and they are employees of the company with employment contracts concluded for indefinite period.

The company does not have knowledge of agreements or family relationships between the directors and other persons due to which the above-mentioned.

The company does not have knowledge about involvement of the persons mentioned at sections 4.1 and 4.2 in litigations or administrative procedures in the last 5 years or to have had restrictions on occupying management positions within the company.

4.3 Other aspects on CORPORATE GOVERNANCE

The latest amendment of the company's Articles of Incorporation was realized during the General Extraordinary Meeting of Shareholders on 02.10.2020 and focused on the chapters related to the Managing Board and the Company's Directors. During the year 2022 this was amended again, namely two new secondary activities have been added.

For the internal control, the Board of Directors has contracted the internal audit to an authorized company; respectively S.C. ASSOCIATED BUSINESS AUDITORS S.R.L. Timișoara. This company is certified to carry out these types of activities. More details regarding the fee and other information related to the internal audit activity can be found in the Notes of the financial situations.

According to the provisions under the Code of Corporate Governance of BVB, the issuer Șantierul Naval Orșova S.A. publishes on its website details of maximum importance for shareholders, respectively:

- Current reports, media notes;
- Details about the progress of the general meetings of the shareholders: convenors, materials related to the agenda, special proxy model, shareholders' rights and the rules and procedures of participation to the general meetings, detailed voting result, decisions taken in the meetings
- reports with annual, biannual, quarterly financial information
- information on the members of the board of directors and executive management, including contact details, yet also amendments in the structure of the Managing Board;
- data concerning the consulate committees constituted at the level of the Managing Board;
- fiscal calendar;
- resolutions of the General Meeting of the Shareholders;
- functional articles of incorporation;

The current Board of Directors consists of 4 non-executive members and one executive member, and the decision-making process of this management body is not dominated by a person or a group of persons, due to its organization. The election of the members of the Board of Directors is based on a transparent procedure, nominations are public. The company performs activities related to social responsibility and environment, and instructed employees are appointed for handling these issues.

At the Managing Board level, 2 committees were formed: Audit Committee and Retribution Committee each consisting of 3 members.

Considering the shareholders' structure, according to which approx. 91% of the shares are owned by the three SIFs (Financial Investment Companies) (Transilvania Investments Alliance, SIF Oltenia and SIF Muntenia), the administrators were proposed/elected as being their representatives.

At present, out of the five managers, three are independent.

5 FINANCIAL-ACCOUNTING SITUATION

Starting with the year 2012, according to the provisions under the Order of the Ministry of Public Finances no. 881 / 25.06.2012 on the application of International Financial Reporting Standards (IFRS) and of the Order no. 1286/01.10.2012 for the approval of the Accounting regulations in conformity with International Standards Reporting Standards, applicable to by companies whose securities are traded on a regulated market, on certain movable values, the company passed to these standards reporting.

For the financial year 2012, the annual individual financial statements based on IFRS were prepared by restating the information in the accounting conducted based on Order MFP no. 3055/2009, and starting with the financial year 2013 accounting shall be conducted based on IFRS provisions as reporting basis.

2012 was the first year of applying IFRS and in order to ensure comparative data with prior periods we restated the data for both 01.01.2011 and 31.12.2011, hence we adjusted (restated) 3 years.

In December 2012, the "Handbook for accounting policies in accordance with IFRS" was prepared, and in the meeting from 08 February 2013, the Board of Directors has approved this HANDBOOK.

The audit of the financial statements for 2022 was performed by A.B.A. AUDIT SRL Timisoara, based on the contract no. 405/22.07.2013, whose initial validity was for 2 years and subsequently extended, for 2 more years and in 2017 was extended for 3 more years, until 30.04.2020, in compliance with AGOA resolution from 07.04.2017. During the AGOA from 15.04.2022, their contract was extended by 3 years, namely for the audit of the fiscal situations corresponding to the years 2022, 2023 and 2024.

5.1 Financial position as of 31.12.2022

According to IFRS, as of 31.12.2022, the financial position compared to the last 2 years is as following:

<i>ASSETS, LIABILITIES, EQUITY</i>	<i>31.12.2022 Lei</i>	<i>31.12.2021 Lei</i>	<i>31.12.2020 (re-treatment) Lei</i>	<i>YEAR 2022/2021 GROWTH/ DECREASE (%)</i>
I. Total tangible assets, out of which:	37.539.757	36.968.667	34.628.822	1,54
- land and constructions	20.998.885	21.262.106	18.201.269	(1,24)
- technical installations and transportation means	16.464.094	15.641.959	16.373.915	5,26
- other tangible assets	76.778	64.602	53.638	18,85
II. Intangible assets	27.779	20.138	6.192	37,94
III. Real estate investments	1.220.026	3.564.578	2.788.492	(65,77)
IV. Real estate investment	596.638	522.236	508.019	14,25
IV. Other non-current assets	124.725	621.530	496.543	(79,93)

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR FINANCIAL YEAR 2022

<i>ASSETS, LIABILITIES, EQUITY</i>	<i>31.12.2022 Lei</i>	<i>31.12.2021 Lei</i>	<i>31.12.2020 (re-treatment) Lei</i>	<i>YEAR 2022/2021 GROWTH/ DECREASE (%)</i>
V. User rights of rented assets	1.109.377	1.559.962	1.950.983	(28,88)
A. TOTAL NON-CURRENT ASSETS	40.618.302	43.257.111	40.379.051	(6,1)
I. Inventories	50.813.700	22.400.725	34.611.321	126,84
II. Trade receivables and other receivables	1.987.659	20.330.881	1.185.231	(90,22)
III. Other short-term financial investments	3.485.023	3.087.107	3.857.609	12,89
IV. Cash and cash equivalents	8.852.408	14.365.368	30.825.273	(38,38)
V. Receivables related to current tax	-	-	18.637	-
VI. Expenses paid in advance	161.622	165.412	130.348	(2,29)
B. TOTAL CURRENT ASSETS	65.300.412	60.349.493	70.628.419	8,20
TOTAL ASSETS	105.918.714	103.606.604	111.007.470	2,23
I. Equity	28.557.298	28.557.298	28.557.298	0
II. Share premiums	8.862.843	8.862.843	8.862.843	0
III. Reserves	47.901.179	54.896.946	51.777.818	(12,74)
IV. Result of the year	(4.215.117)	(153.870)	4.635.374	-
V. Reported result	892.220	941.454	7.737.995	(5,23)
VI. Profit distribution	-	-	(191.823)	-
VII. Other internal equity elements	(4.014.451)	(4.338.244)	(4.028.932)	(7,46)
C. TOTAL EQUITY	77.983.972	88.766.427	97.350.573	(12,15)
I. Liabilities related to deferred tax	4.031.923	4.352.333	4.037.136	(7,36)
II. Other liabilities	555.829	1.047.860	1.449.720	(46,96)
D. TOTAL LONG TERM LIABILITIES	4.587.752	5.400.193	5.486.856	(15,04)
I. Short term loans	-	-	-	-
II. Trade payables and other payables, including derivatives	21.665.023	8.804.168	7.144.568	146,08
III. Advance registered incomes	2.375	3.801	215	(37,52)
IV. Provisions	1.679.592	1.032.015	1.025.258	62,75
E. TOTAL CURRENT LIABILITIES	23.346.990	9.439.984	8.170.041	147,32
TOTAL EQUITY AND LIABILITIES	105.918.714	103.606.604	111.007.470	2,23

* During the year 2021, after the re-assessment of the requirements from IFRS 16, the company framed the conclusion contract with the National Company the Administration of the Sea Ports Constanta, concluded during the last part of 2019, under the incidence of this standard and re-treated accordingly, the indicators and the parts of the assets, debts and fund for the year 2020. More information on this is shown in the Notes to the financial statements.

Non-current assets: This category of assets, per total, has increased by 6,1% from the previous year, subsequently to the procurement realized for the modernization of the activity. With regards to the tangible assets under execution, the decrease from the previous year (by 65,67%) is mainly due to the partial completion of the modernization works of the launching way. As well, a decrease by 79,83% for other non-current assets has been noticed, mostly because of returning to the company of the amounts noted subsequently to the foreclosure in the litigation with Mr. Fercala Mihai.

Non-tangible assets have increased by 37,94% (licenses have been purchased together with informatics software).

The user's rights of the rented assets. During the year 2021, the company re-analyzed the renting contract of the land that had been concluded with the National Company the Administration of the Harbors in Constanta and concluded that it must be framed within the acknowledgement of the standard IFRS 16. Thus, the company registered an operative corresponding to the user's right and a corresponding leasing debt, proceeding subsequently to the retroactive restatement of the errors generated by the failure to apply the standard. The decrease registered for this position (by 28,88%) is according to having reduced the right of use for the remained contractual period. More information on the application of the IFRS 16 standard have been defined in the Notes to the financial situations.

Stocks registered per total an increase by 126,84 %, from 31.12.2021. The inflation tendencies from 2022 for raw materials, yet a better preparation of the production to be completed during 2023 have led to a higher level of stocks at the end of the year. To be stipulated also, that in structure, the production in progress had decreased by approx. 48,97% because of the delivery of the last coastal ship of the two which were the object of the dispute with the company VEKA.

Trade receivables and other receivables A significant increase has been noticed in the trade receivables in comparison to the previous year (by 90,22%). At the end of 2022, the company had outstood current trade receivables and a significant part had been liquidated during the beginning of the year 2023. We mention that during the year 2022 the company cashed-in completely an outstanding receivable from the commercial relation with the company Veka, receivable whose payment had been deferred, in compliance with the agreement concluded during the month of February 2022. Other information related to the trade receivables and other receivables can be found in the Notes to the financial statements.

Cash and cash equivalents, registered a significant decrease by 38,38 % against 2021, as a direct connection to the increase of the stocks yet also to the payment of the dividends allotted at the end of the year 2022. Per total, the current assets have known an increase, by 8,20%.

More information on all these items may be obtained by consulting the Notes to the financial statements that are attached to the present report.

Own capitals have registered per total, a decrease by 12,15%. In structure, a decrease of the reserves has been noticed (by 12,74%) subsequently to the return to the allotment approved by AGOA in the previous years, of the net profit and of passing the amount from the balance as of 31.12.2021 of the account "Other reserves" into the dividends account, in compliance with the Resolution AGOA no. 55 from the date of 24.11.2022, yet also considering the result of the fiscal year.

The provisions are situated at a level which is superior to the year 2021 (increase by 62,75%), mainly due to the forming of a new provision for litigations, described in detail under the point 5.5.

The commercial debts and other debts have registered as well a significant increase, by 146,08% from the year 2021, mainly due to the advances cashed-in from the clients, according to the contractual stipulations. We mention that they represent current debts, with due dates in the following period.

Per total, the internal capitals and the debts have known an increase by 2,23%.

5.2 PROFIT AND LOSS (COMPREHENSIVE INCOME)

During the year 2022, the company's performance was less effective and the financial situations were situated under the levels provided in the BVC for this year. The unfavorable evolution of the request for the construction of new ships, either river or sea ships, their price evolution under the terms when the costs for raw products and materials, power supply, gas, manpower have increased, these were fundamental factors which had a negative influence on the company's financial results. The differences occurred in 2021 on the contracting and provision of a good preparation of the production for the year 2022, have also influenced negatively the result of 2022.

Thus, the turnover for the year 2022 has registered a decrease from the previous year, by 22,37% and the gross loss registered by the company at the end of the year is amounting to 4.233.703 lei.

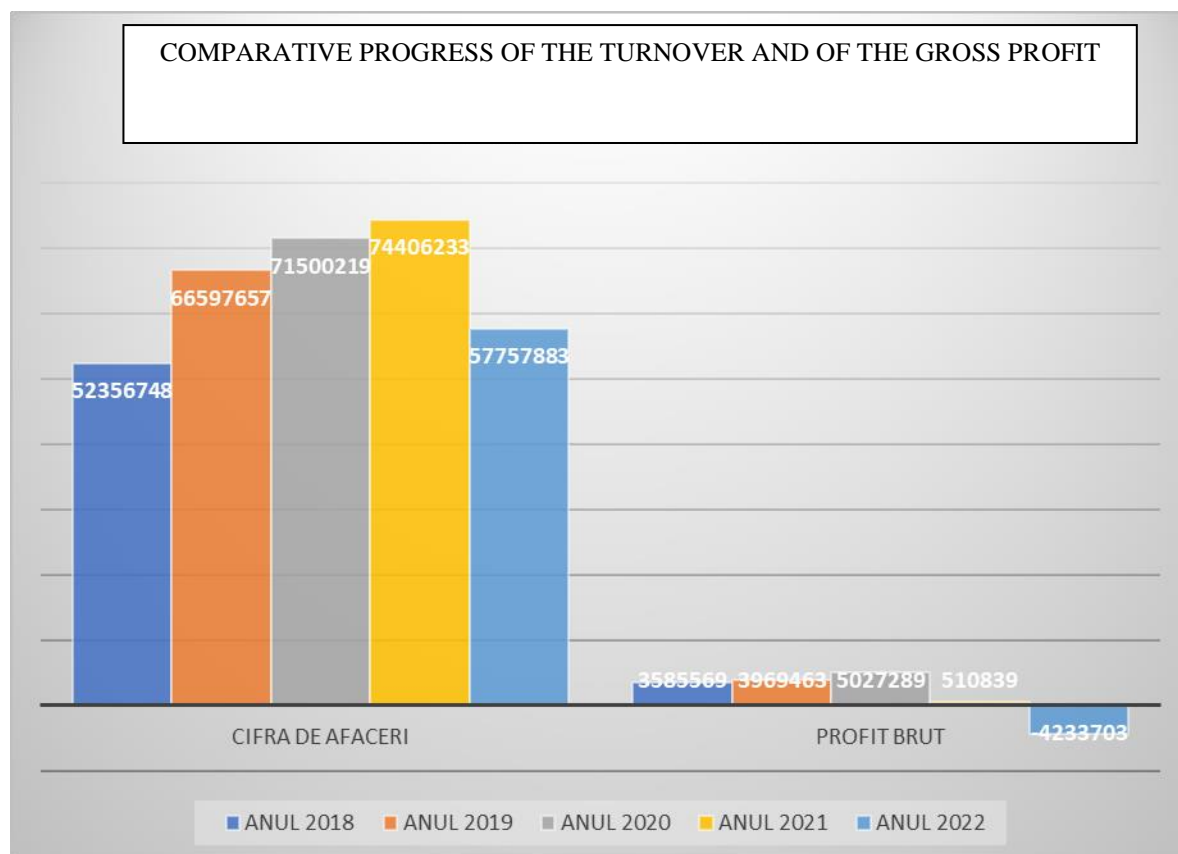
The result of the year 2022, as in the last years, was negatively influenced by the decrease of the company's activity. The rental sector for the barge type of ships was seriously affected by the economical and geopolitical context, the company did not realize any incomes from this activity and the incomes from the ships' repair activity, bigger than the previous year, were yet insufficient to cover the operating costs.

In comparison to the previous year and BVC provisions, the gross profit evolution is presented as follows:

- Gross profit provisioned in BVC year 2022	3.000.000 lei
- Gross profit realized in 2022	(4.233.703) lei
- Gross profit obtained in 2021-re-stated	510.839 lei

An evolution of the gross profit for the past 5 years is shown in the diagram below:

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR FINANCIAL YEAR 2022



In the table below there are written, synthetically, in structure, the realizations of the year 2022 in comparison to those from the previous year and to the provisions from the income and expenses budget, with the stipulation that the income and expense of the 2 years have been shown according to the provisions from the OMFP no. 2.844/2016 for the approval of the Regulations according to the Standards of Financial Reporting.

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INDICATORS	ACHIEVEMENTS PREVIOUS YEAR	FINANCIAL YEAR 2022			ACCOMPLISHMENT DEGREE (%) 2022 COMPARED TO:	
		BVC PROVISIO NS	ACHIEVE MENTS	OUT OF WHICH AT THE BRANCH	ACHIEVE MENTS 2020	BVC PROVISIO NS
TOTAL INCOME, out of which:	75.533.784	73.100.500	59.414.021	9.714.470	78,66	81,28
- Operating income (operational)	74.669.943	72.450.500	58.311.667	9.653.540	78,09	80,48
- Financial income	863.841	650.000	1.102.354	60.930	127,61	169,59
TOTAL EXPENSES, out of which:	75.022.945	70.100.500	63.647.724	10.310.29 9	84,84	90,79

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR FINANCIAL YEAR 2022

- operating expenses	74.660.228	69.700.500	63.135.344	10.273.06 3	84,56	90,58
- financial expenses	362.717	400.000	512.380	37.236	141,26	128,09
GROSS PROFIT / LOSS BEFORE TAX,						
out of which:	510.839	3.000.000	(4.233.703)	(595.829)	-	-
- operating profit/loss	9.715	2.750.000	(4.823.677)	(619.523)	-	-
- financial profit/loss	501.124	250.000	589.974	23.694	117,73	235,99
CURRENT AND DEFERRED PROFIT TAX (PAYABLE OR RECEIVABLE -/+)	(664.709)	(476.176)	18.586	-	-	-
NET RESULT	(153.870)	2.523.824	(4.215.117)	-	-	-
NUMBER OF SHARES	11.422.919	11.422.919	11.422.919	-	100,0	100,0
NET PROFIT / LOSS PER SHARE (Lei/share)	(0.0134)	0,2209	(0.3690)	-	-	-

It is to be noticed that the result of the operational activity both at the main office in Orsova and also in Agigea Branch is negative. The financial activity has generated profit, though, as we will show in what follows.

5.2.1 Analysis of operating activity

The operational incomes of the year 2022 have resulted approximately 81,9% from the head-office in Orsova, where there were finalized and delivered a number of 4 vessels (in 2021: 7 vessels), in total value of 9.523 thousands of Euro/46.787 thousands of lei (in 2021: 13.985 thousands of Euro, respectively 68.802 thousands of lei, at an average parity of 4.9132 lei/€ (in 2021: 4.9196 lei/€), against a rate of 4.95 lei/euro having taken in consideration for the BVC substantiation.

Per total, the operational incomes were lower than the ones from the previous year (decreased by 21,91%) yet also from those stipulated in the BVC (decrease by 19,52%). The operational expenses amounting to 63.135.344 lei and in close connection to the operational income from the year 2022 have registered a decrease by 15,44% from their level during a similar period from the year 2021 (74.660.228 lei). Consequently, the result from operation is negative, the company has registered a loss out of the operation activity amounting to 4.823.677 lei. among the factors that have caused the failure to achieve the designed indicators in the BVC at the head-office in Orsova, we list the low amount of production completed and sold during 2022, the increase of the costs of gross materials (plates and steel profiles) under the terms when the sale cost of the ships was

preserved at the same level as in the previous year, the inflation tendencies manifested on the services' market, increase of the costs with manpower.

Negative influences on the operating activity are also because of the lack of possibility to receive supply within the country, from the traditional suppliers, of special naval materials which triggered their procurement from abroad, at higher costs and with delays on delivery, on one side, and on the other side, in order to be able to meet the contractual delivery dates, we had to subcontract certain works which also added up additional costs, in order to be able to overcome the situation in which the company has difficulty also because of the decrease in the number of staff and manpower aging.

The ships built in Orsova were completely scoped to be delivered intra-community, respectively in the Netherlands and Germany. Referring to the structure/type of the vessels built, it may be stipulated that it is close to the ones built during the previous years. Subsequently, during the year (2022), the following types of ships had been delivered:

- 2 GAS TANK SHIPS with a length of 110 m;
- 1 PASSENGER ship with a length of 135 m;
- 1 TANK SHIP with a length of 110 m.

Though, we mention that at the end of the year 2022, 99% of a ship structure was finalized and delivered to the intra-community partner in the first decade from January 2023.

Decline of the vessels market registered in the past years, as a consequence of movements produced on external market, continued also in 2022. The cut by approximately 11,1% in comparison to 2021, in the amount of transported goods, by approx. 40% of the number of new orders, according to the market analysts was also caused by the economical and geopolitical context which marked negatively the activity on this market department during the year 2022.

In what Agigea branch is concerned, the main source of incomes was represented by the ships' repair, the income from this activity registered an increase by 148,07% from the previous year. These incomes proved though insufficient to support the operational activity under the terms when, for the barges which were in its patrimony, no rental solution had been found.

Other information on the analysis of the main financial indicators can be found in the NOTES to the financial statements, which are an integrant part of this report.

5.2.2 Analysis of financial income and expenses

Considering that over 81% of the company's cashing in is expressed in euro, coming from deliveries of ships in the intra-community area, the company was permanently exposed to the monetary risk (parity lei/euro). Hence, during 2022, this parity was floating, and in order to protect itself against the depreciation of the exchange rate, the company concluded hedging transactions. The profit from the differences in the exchange rate were registered both from the re-assessment of the availabilities in foreign currency and also subsequently to the transactions hedging type. Thus, from the financial activity, there has been realized a profit of 589.974 lei (during the previous year the profit recorded was 501.124 lei). More information related to the named influences may be found in the Notes to the financial statements.

Having a balanced flow of cash in during the entire year, the company did not contract bank credits during 2022. Subsequently, on 31.12.2022, the company did not have credits and had enough availabilities in the account to support the financing of its current activity, but also that for the investments, out of internal sources.

Other information on the financial activity is shown in the NOTES to the financial statements.

5.2.3 Provisions/encumbrances and depreciation

Just like in the previous years, the company considered it useful to form encumbrances and depreciation for an accurate analysis of tangible assets in conservation, financial assets, seniority of materials stocks, also the

litigious receivable as well as for leaves and other salary rights corresponding to the year 2022 and which will be paid in 2023.

The situation of these provisions and depreciation for 31.12.2022 is the following:

	- Lei-
a) For depreciation of tangible assets	395.780
b) For depreciation of financial assets (shares hold at KRITOM Greece (Crete)	684.495
c) Litigations	956.035
d) Provisions for holidays and retirement bonus	723.557
e) Adjustment for depreciation of inventories	674.372
f) Adjustment for depreciation of receivables (clients/debtors)	679.868
TOTAL PROVISIONS AND DEPRECIATION	4.114.107

Compared to the previous year, per total, decrease has been noticed, in absolute numbers, by 803.254 lei. In structure, it may be noticed that, there is a significant increase by 14,31% of the depreciation stock related without movement yet an increase by 44,48% of the provisions for vacations and premiums awarded to the employees on the occasion of their retirement – mainly vacations).

In terms of disputes, the provision is preserved in the amount of 531.210 lei which refers to a file, registered at the end of the year 2020, according to which the former president of the managing Board – Mr. Mihai Fercala – claimed interests on compensation for his dismissal from the management prior to the expiry of his mandate. After several trial stages, at the last trial appeal, the Court in Craiova rejected the claim of Mr. Fercala Mihai because it was considered unsubstantiated and obliged the claimant to pay to the company the amount of 70.336,80 lei as court expenses.

At the end of 2022, the company formed a new provision amounting to 424.825 lei for the claim submitted during the month of June 2022 by Mr. Pantea Marius Ioan, according to which the ex-member of the Managing Board claimed interests on compensation for his dismissal from the function prior to the expiry of the mandate. Pursuant to the Civil Sentence no. 806/05.12.2022, the court of trial rejected as unsubstantiated his summons and decided upon the payment by the plaintiff of the amount of 21.331 lei as court expenses in favor of our company. Mr. Pantea Marius Ioan formed an appeal against the court's resolution during the month of January 2023.

More information on these litigations may be found under the point 5.5.

Other information on provisions and adjustments for depreciation of assets are shown in the Notes to the financial statements, which are an integer part of this report.

5.3 Analysis of the result and net profit distribution

As of 31.12.2022 the company has registered a net loss amounting to 4.215.117 lei.

Given the legal provisions on profit tax calculation, according to the legal provisions, the company has considered the non-taxable income and the non-deductible expenses for its determination, as these are similar to income/expenses elements.

It was also considered that for the activity at the canteen which is administered by the company, the company owes a specific tax according to the Law no. 170/2016.

Non-taxable incomes refer mainly to resumption in income of provisions and depreciations that originally were set up as non-taxable expenses.

Non-deductible expenses consist of sponsorship, provisions and depreciation (according to the above description), social expenses exceeding the approved share of deduction, fines and penalties and other expenses.

A detailed presentation of these income and expenses elements can be found in the Notes to the financial statements, which are an integer part of this report.

After deduction of tax on the gross loss, as per the law, the following situation has resulted:

No.	Indicator	Amount – lei –
1.	Gross loss	4.233.703
2.	Expenses (incomes) with tax on delayed profit and specific fee	(18.586)
3.	<u>Net loss</u>	<u>4.215.117</u>

The general ordinary meeting of the shareholders for the approval of the financial statements for the year 2022, will aim at settling the manner of covering the net loss, according to the above stipulated.

5.4 Cash flow, financial resources, investment expenses, payment of liabilities.

According to the objective needs of the company, for obtaining guarantee letters, the opening of credit letters, for suppliers, and also for a possible covering of the necessary of financing sources, the company continued also in 2022 to benefit from the bank's support. Thus, the company had approved also in 2022, a ceiling for the multi-options and multi foreign exchange, approved by BRD, 1,5 million Euro, ceiling used for the financing needs of the company.

At the same time, the company benefited from a limit for currencies risk through BRD, covering in amount of 2.069.000 USD, at the same level as in 2021.

These ceilings were guaranteed with a mix of guarantees consisting of mortgages, pledges, assignment of receivables on export contracts (guarantee letters opened for external contracts) and one cash collateral in amount of 401.201 EURO. These ceilings were used specially for issuance of bank guarantee letters, the company not needing bank credits during 2022, as its internal sources were enough to pay all due liabilities.

As of 31.12.2022, this ceiling was used 6,3%, the 2 guarantee letters issued within this ceiling were amounting to 467.181 lei, in favor of the National Company for Administration of the Sea Harbor Constanta.

Investment expenses realized have known a decrease compared to the previous year.

In figures/In absolute digits, the expenses volume for investments was at a level of 1.924.961 (in the year 2021: 3.566.260 lei) from which:

- 1.262.450 Lei in Orșova
- 662.511 Lei in Agigea

As from the BVC (income and expense budget) it is registered a realization degree of 25,93% (the BVC provided a value of the investments of 7.425.000 lei).

The failure to realize the numbers proposed in the BVC has been caused on one side by the procurement of some of them at a lower cost than the one considered at the BVC substantiation, yet also because the company, under some changes in the development strategy, delayed some investments for the forthcoming period.

At headquarter in Orsova was put into operation the following most important objectives:

- Modular scaffolding
- Industrial vacuum cleaners
- Compressor
- Automate welding machines
- Wedge magnet
- Modernization and provision of additional devices to the already existing equipment
- Modernization of cranes
- IT equipment

The purchase of this equipment was scoped to reduce the physical effort, to increase productivity of work, to secure the work, to reduce the manpower costs, to secure the IT systems.

At the branch in Agigea, out of a total of expenses for this scope, we stipulate the procurement of one industrial washing machine, 2 wedge bogies, modernization of the hydraulic bogies. As well, the modernization of the slipway was carried on.

During 2022, the output of assets refers to cassation of fixed assets which could no longer be used in the production, because of advance wear out.

During the period analyzed the company did not contract any credits for investment, all the acquisitions of fixed means were carried out of internal sources.

During the entire year, the company ensured a financial balance, thus its obligations to the suppliers, to the working staff and to the state budget, as well as to the banks and other creditors could be paid in time.

Other information (including cash flow statement) can be found in the Notes to the financial statements, which are an integrant part of this report.

5.5 Litigation; actions before courts

Reference will be made firstly to the old dispute which Santierul Naval Orsova had with one of his external clients: Veka Shipbuilding BV The Netherlands and which was permanently solved during the year 2022.

Concerning the litigation in which our company is the respondent, for the amount of 531.210 lei interests on compensation. The petitioner of this litigation is the former president of the Managing Board – Mr. Fercala Mihai – who considered to have been dismissed before the expiry of his mandate, without reasoned grounds and is entitled to receive interests on compensation for the period up to the expiry of his mandate, as well as the payment of the legal interests calculated to this amount. The claim was introduced in November 2020 and the Court in Mehedinti, through the Civil sentence no. 14/23.02.2021 rejected the summoning claim as having no grounds and decided for the petitioner to pay the amount of 21.331 lei as court expenses in favor of our company. Against this decision, Mr. Fercala Mihai formed an appeal accepted through the Civil Resolution no. 596/11.10.2021 by the Court in Craiova, in the manner of accepting the Summoning Claim having as consequence the engaging of Santierul Naval Orsova in paying the amount of 531.210 lei, the payment of the penalty legal fee amounting to 3.852,65 lei, as well as of the court expenses amounting to 32.540 lei. Against this resolution of the court, Santierul Naval Orsova started an appeal and the High Court of Review and Justice accepted the file and resent the file for re-judgement to the Court of Trial in Craiova.

On the 07th of February 2023, The Court of Trial in Craiova has rejected the claim from Mr. Fercala Mihai under the aspect of lack of substantiation and obliged the claimant to paying the amount of 70.336,80 lei as court expenses. We mention that Mr. Fercala Mihai started during the month of November 2021, the procedure of foreclosure. Pursuant to that, our company has carried out the notice of the amounts, under special assignment, available to the legal executor S.C.P.E.J. Drumea Nicut si Ciovica, yet subsequently to the solution decided by ICCJ, the noted amounts were returned to the company during the first half of the year 2022.

A new file was submitted to the court of trial by Mr. Pantea Ion Marius, ex-member of the Managing Board, according to which he claims interests on compensation to the company for his dismissal, without grounds from the function held, prior to the expiry of the mandate. The claim of Mr. Pantea Marius Ioan was introduced during the month of June 2022. According to the civil sentence no. 806/05.12.2022, the court of trial rejected as ungrounded the Claim and decided the obligation of the claimant to paying the amount of 21.331 lei as court expenses to our company. Against this decision, Mr. Pantea Marius Ioan formed an appeal during the month of January 2023.

Subsequently to the work accident dated 17.04.2019, resulting in the body injury of the employee Cainiceanu Ionel, he started criminal complaint against our company and against another two natural persons, the research being conducted by the Orsova Court and concluding with the indictment no. 183/P/2019 from 25.08.2022

deciding the sending to the court of Santierul Naval Orsova SA for committing the acts stipulated by the Criminal Code, mentioned in the previous paragraph.

The Court in Orșova has determined the legality of the Court's lawfulness through the Hearing Report from 24.10.2022, in the Preliminary Chamber of the accusation no. 183/P/2019 from 25.08.2022 of the Prosecution Office next to the Court in Orsova, within the file 861/274/2022 and Mr. Cainiceanu Ionel has formed as civil part against our company.

At present, SANTIÉRUL NAVAL ORSOVA S.A. is defendant in the criminal file 861/274/2022, pending on the Court in Orsova, status-holding, having as object the failure to take the legal measures for occupational health and safety measures (art. 349 NCP) body injury out of guilt (art. 196 NCP), failure to observe the legal measures regarding the occupational health and safety measures (art. 350 NCP).

It is to be mentioned that in this file, also Cainiceanu Ionel has been sent to trial for having gone against the law with the crime of "failing to observe the occupational health and safety measures", deed provided and punished according to the provisions under art. 350, line 1 C. pen.

The due date for trial is 20.03.2023, at the Court in Orsova.

At the Agigea Branch, several previous claims are pending, in various stages, in which our company is the petitioner. The amounts under discussion are not significant and refer especially to commercial receivables, for which the debtor companies are to complete insolvency or bankruptcy. For all these outstanding receivables, depreciations had been constituted at the moment when the debtor's incapacity of payment was settled.

5.6 Other information

During the month of August 2022, at the company's main office, a work accident occurred resulting in the death of two employees of our company. With regards to the causes and conditions of the accident that caused the decease of the two persons, research is still being made by the certified authorities.

In order to prevent any future occurrence of such events, the company has implemented a series of measures aimed at removing the gas accumulation in closed spaces, the staff underwent re-instruction in terms of their obligation to check the gas concentrations in closed spaces where work is carried out, with special care to the increase in acknowledgement of the executing staff.

In order to improve the labor conditions and to increase the work safety, the company has purchased performant machinery for air-circulation and air conditioning with high efficiency, yet also special devices for gas detection.

6 INVENTORY OF PATRIMONY AS OF 31.12.2022

The company has performed an annual stock take of assets and liabilities for 2022 according to the provisions of the Order of the Minister of Public Finances no. 2861/2009 and to the Manual with the inventory procedures issued at the level of the company. In this respect, there are internal decisions for the set-up of a central stock take commission and respectively sub-commissions for all units within the company, the headquarters and Agigea branch. At two of the stocks which are at the main head-office, together with the annual inventory also the handover-takeover of the stock had been realized;

The main conclusions of the stock take are the following:

- At the inventory of fixed assets, the commission found differences and objects of inventory in usage, in the sense that the people in charge with the management of these assets shared various

fixed assets or objects of inventory without drawing up the corresponding documents. These situations were solved, operatively, on spot, by the commission appointed for each inventory.

- At the other inventories no differences were noticed in the quantity or value between the documents and the real situation;
- On the occasion of the inventory, the commissions noticed the existence of certain assets which should be taken out of the inventory. The proposals of the commission are cassation or taking out of operation and they will be discussed and analyzed at the level of the managing board, from the point of view of their necessity and opportunity of this measure, after which they will be submitted for the approval of the Management Committee;
- For the unusable or damaged materials, separate inventory lists were created, and they are to be analyzed by the special commissions within the company, and according to the conclusions, it will be proceeded with accordingly.
- At the head-office in Orsova, certain materials were detected to belong to third parties in temporary custody on the date of the inventory. For these assets, separate lists were drawn up and sent for confirmation, to the owners of the named assets, according to the legal provisions;
- For the annual inventory of the patrimony, also external auditors were present in compliance with the legal obligations which are to be considered applicable, and they checked at random, various inventories for existence of real stock; no deficiencies were detected.

For the preparation of the balance sheet, the company complied with the rules approved through legal norms and data was taken over from the updated synthetic balances and according to the Law no. 82/1991, republished, and the applicable accounting regulations (Order no. 2844/12.12.2016 for approving the accounting regulations in compliance with the International Financial Reporting Standards).

For additional information, the interested shareholders have available the Notes to the financial statements, which are presented separately of this report and are attached to the present report.

President of the Board of Directors,

Ec. Roșca Radu Claudiu

.....
The undersigned Fonea Cristina, certified translator and interpreter for English and French languages, based on the Certification no. 24740, from 31.03.2009, issued by the Ministry of Justice from Romania, I certify the conformity of the translation realized from Romanian into English Language, that the text submitted for translation was translated completely, without any omissions and that, the document didn't change its meaning or sense through the translation made.....

The document whose translation was requested has 35 pages totally, is described as a Raportul Anual al Administratorilor 2022 and was submitted to me for translation as a complete document.....

CERTIFIED TRANSLATOR AND INTERPRETER,

FONEA CRISTINA